

Public Finance of Georgia
Management Reform Strategy
2014-2017

Preface

This document (hereinafter strategy) reflects the priority activities to be conducted by the state during the following four years in the sphere of public financial management. It is mainly based on the social and economic development strategy of Georgia, the governmental plan and other sources reflecting the state priorities in the sphere of public finances. The document includes the reforms planned for the period of 2014-2017.

Review of the Current Situation

The government elected through the democratic elections of 2012 aims to improve the current challenging economic situation by the means of deliberate policy, which implies tight interconnection between common national and industrial objectives and priority based decision making. Despite the positive changes due to the reforms of the past years, significant problems still exist and the failure to solve them may slow down the economic growth rates. In order to avoid such impeding factors it is necessary to establish a steady and business oriented tax environment and to observe fiscal discipline, so that the private sector development is not threatened on one hand, and budgetary commitments are fulfilled on the other hand.

This strategy identifies the main objective, priorities and the possible outcomes of the fulfillment of the named priorities. The named objectives and priorities will be fulfilled on the basis of annual action plan prepared in the beginning of every fiscal year. Public expenditure and financial accountability (PEFA) 2012 assessment was used together with other sources With the purpose of current situation analysis for the preparation of strategy priorities. Strategy is not a document prepared on the basis of a single

assessment. It takes into consideration various sources of assessments and common national priorities at the same time.

Last years have outlined a positive trend in the field of state financial management, including accounting and reporting, tax revenue mobilization, state debt management. The management of other fields was improved as well.

The results of the implemented activities were clearly shown in public expenditure and financial accountability (PEFA) 2012 assessment report prepared with the arrangement of the Ministry of Finance of Georgia and was published in autumn of 2013. The assessment review showed significant improvements in the majority of indicators, compared to the assessment of 2008. Generally, 22 of 28 indicators have been improved, in addition, the rating of 14 indicators reached A level and total of 16 indicators have been evaluated with this grade in 2012.

Although, the risks for the steady and effective system functioning are still high. Below presented objective and priorities identify the risk management framework of reforms necessary for overcoming existing risks. Annual activity plans, describing in detail all the activities necessary for the reforms, will serve as a basis for the strategy development.

Strategy Objective

The main objective of public finance management for the development of the priorities set by the government is effective distribution of state finances and at the same time, income mobilization for insuring the financial stability.

Strategy Priorities

Priority 1

Maintaining fiscal discipline and improving fiscal forecasts.

Current Situation and the reforms to be implemented

Macroeconomic analysis and forecast

Previous years saw the implementation of the measures for the perfection of macroeconomic forecasting. Fiscal forecasting department was formed within the Ministry of Finance of Georgia, which works together with other issues on the perfection of medium and long-term macroeconomic forecasting. The fiscal forecasting department provides macroeconomic, as well as budgetary income forecasts.

An econometric pattern created at the Ministry of Finance of Georgia is used for macroeconomic forecasting. The annual indicators of the main economic parameters are forecasted for the medium-term period during the macroeconomic forecasting. Several scenarios are developed with the help of the pattern and the most realistic of them is attached to the state budget.

Medium-term forecasts of the tax incomes of the state and consolidated budget are processed with the purpose of income forecasting, serving as a basis for planning the budget. Forecasting is based on the consideration of the main macroeconomic parameters. The process includes analysis of various scenarios and selection of the most realistic of them. The micro-simulation pattern created on the site is used during the income forecasting.

Further development of this pattern is planned in the coming years, with the purpose of improving forecasts and analysis in the following directions:

- Improving forecasting and extending its area Analysis of the possible outcomes of the taken decisions in every sector of economy;
- Extending the time frame of the forecasts, which will improve the ability of planning long-term reforms;
- Simulation of the scenarios of macroeconomic development and identifying proper economic policy decisions for reaching the objectives set by the optimal option. Specifically, it is planned to further improve the econometric simulation. The dynamic macroeconomic model based on the quarterly data will enable the evaluation of the effects of fiscal shocks on macroeconomic indicators and

implementation of the comprehensive analysis of the budgeting process. The named model is essential for making a timely response to undesired economic situation.

- Improvement of macroeconomic analysis and forecasting methodology. Successful foreign experiences will be studied with this purpose.

One of the priorities of the reforms of coming years in this field is the professional advancement, to be implemented through proper training programs.

The final purpose of the future activities is the improvement of the analysis of possible outcomes of taken decisions.

Fiscal Risks

Fiscal risk assessment mainly includes analysis of the outcomes of macroeconomic risks, which takes place in the frame of scenario analysis during macroeconomic modeling and also studies the effects of possible macroeconomic shocks on budget incomes and expenses.

The reform will contribute to the formation of fiscal risk assessment and management system, which will identify the fiscal risks, study and disclose them, specifically:

- Risk identification means identification of the commitment taken by the government or state enterprise, that may have negative fiscal effect in the future, including the identification of conditional, pension and other obvious or latent commitments;
- Studying means the analysis of fiscal risks and assessment of their effects;
- Disclosing means publishing and distributing information regarding the fiscal risks, including the documents attached to the budget.

Disclosing and studying methodology will be developed during the fiscal risk management and risk disclosure standards will be established.

Reforms in the Fields of Taxes and Customs

Due to the tax policy implemented during the previous years the tax administration and customs procedures were simplified, tax dispute resolution procedures were established,

electronic systems of tax-payer relationships and tax administration were implemented, only 6 types of taxes were introduced instead of 21 types of taxes established by the tax code. The payment rates were reduced, specifically, in the result of unifying the income (12%) and social (20%) taxes one income tax was generated with the rate of 20%. The income tax was reduced to 15%. The VAT was decreased from 20% to 18%.

Despite, the system requires substantial improvement, which is a prerequisite of the financial stability and the fiscal consolidation of the country. The social-economic development strategy of Georgia considers the tax reforms as a prerequisite for achieving high rates of inclusive economic growth in the long term.

Tax reforms cover several directions that have to be implemented during the next 4 years. Specifically:

- Improvement of tax administration and tax sanction optimization, which implies decriminalization of certain categories of economic crimes. The 6 year limitation periods established by the tax code will gradually be decreased to 3 years. The existing tax dispute resolution system will be improved. Limitation will be established on the amendments to the tax code of Georgia. All main responsibilities of the tax-payer will be regulated only by law. Advance sealing of the business, termination of the current activities or arrest will be prohibited. The norms governing the taxation of the market traders will be regulated. Also, the tools of combating the tax evasion will be improved;
- Harmonization of the customs legislation and tax legislation (indirect taxes (VAT, excise) part) with the legislation of EU in the frames of the association agreement between Georgia and EU. Modernization of customs rules and procedures;
- Improvement of human resources development (including full implementation of the automated system of human resources management – eHRMS) and infrastructure (including ICT infrastructure) in the frames of the revenue service.

State Debt and Conditional Commitments

State debt is formed at the expense of internal and foreign loans and is directed to finance the state budget deficit and significant (priority) infrastructural projects.

Georgia started to arrange its foreign debt accountability in the period of 1996-1998, when foreign debt restructuring agreements were formed with the European Union and 11 other countries on the bilateral principle. In the result of multilateral negotiations held in the period of 2001 and 2004 Georgia achieved an agreement with the creditor countries on the restructuring of foreign debts with the aegis of Paris Club, which resulted in the significant lightening of the foreign debt burden.

The abovementioned restructuring guarantees the stability of the foreign debt, which was reached through many years of pragmatic and conservative debt management, also by using the attracted debt resources for national development and investment priorities. This trend still continues. Currently the foreign state debt of Georgia is mostly concessional, and as for the internal state debt, the Ministry of Finance is conducting emission of various-termed treasury bills and bonds in order to finance the budget requirements and to develop internal market of securities. Moreover, the government of Georgia has placed Euro-bonds at the market of international capital.

The stability of the debt portfolio will be guaranteed while forming the state debt, debts will be attracted with the maximum favorable terms and only by necessity. For the purpose of ensuring prudent state debt management it is significant to have defined the average-term policy.

Considering this, state debt management strategy document will be developed, identifying the average-term policy of the government of Georgia in relation with the state debt, In parallel with developing the named document the state debt legislation should also be improved and the analytic part of state debt management should be strengthened (middle office), which is significant for the effective development of the average-term strategy. The united database of state internal and foreign debts should

also be created (on the basis of a special computer software eDMS), which will enable us to make a common debt analysis and prepare proper reports.

Currently there is no special tool for making a comprehensive analysis of contingent liabilities and a quasi-fiscal risks. Considering the recommendations of the International Monetary Fund and the World Bank, different legislative and regulatory changes will be made in this direction, information will be collected about the contingent liabilities and the organizational structure, which will evaluate the named risks, will be reinforced. The named reforms will contribute to the creation of the risk evaluation tools stemming from the contingency liabilities and the management of these risks.

The Ministry of Finance of Georgia also takes into considerations the state debt parameters in the frames of the social-economic development strategy of Georgia and ensures the implementation of a proper expenditure policy with the purpose of fiscal consolidation, which will contribute to balancing the increased budgetary expenses of the last period.

Expected Results

Improvement of fiscal forecasting represents the main pillar for maintaining the fiscal discipline. It is expected that the current macroeconomic forecasting model will be significantly improved with the objective of further development of the accuracy of forecasts. The tax administration and business environment will be improved in the result of the planned reforms.

Development of the state debt management strategy document, improvement of state debt legislation and analytic part of state debt management (middle office), creation of the common database of state internal and foreign debt, creation of the risk evaluation tool stemming from the contingency liabilities and the management of the named risks.

Priority 2

Improvement of state finance planning.

Current Situation and Reforms to be Implemented

Strategic Planning and Result Oriented Budgeting

Number of reforms have been conducted during the previous years in the direction of improvement of administration of public finances, including improvements in the system of budgeting. Average-term plan framing started since 2005 with the purpose of presenting state budgetary income and expenses not in a one-year, but is several-year perspective, which should also be related with the strategic tasks and purposes of the country.

In 2009 the parliament of Georgia passed a budgetary code with the inclusion of the regulatory norms of the budgets of the state of Georgia, the autonomous republics and local self-governmental entities. The legislative framework of the budgetary system was adjusted, the budgeting process and budget calendar was written in detail. The roles of the average-term and annual budget in the process of budgeting were identified. Programmed budgeting was established in the process of budgeting and annual budget law was passed in 2012, local self-governing entities are prepared in the form of a programmed budget since 2013. Proper methodology has been prepared and now is undergoing the process of improvement.

The electronic system of budget management (eBudget) was created, which represents a significant tool for the preparation of the state budget bill, execution and performance reports. This system was harmonized with the electronic system of the treasury (eTreasury), which enables the spending agencies, the Budgetary Department of the Ministry of Finance of Georgia and the Treasury Department to control and manage state finances in real time.

With the purpose of state budget consolidated management the unification of the execution of budgets of the legal entities of public persons in quarterly and annual reports was gradually established and since 2012 the information about the incomes and payments of each entity is reflected in proper reports of the law on annual budget.

There is a significant progress in the aspect of PEFA evaluation report and OBI index and according to the 2012 inquire the assigned rate is 55, whereas in 2006 inquire the rating was only 33 points.

2014-2017 Activities:

The activities planned in the frames of the public finance management reform should provide effective management and transparency of the public finances, it is necessary to mobilize resources in terms of fiscal sustainability in order implement the planned policies and along with the fulfillment of social liabilities, implement the fiscal politics supporting economic growth.

In order to implement the mentioned above, the reforms need to continue in several directions:

- Development and improvement of strategic and average-term planning standards;
- Improvement of programmed budget and proper methodology;
- Expansion of the functionality of the electronic system for budget management (eBudget)
- Further improvement of policy analysis and coordination.

Strategic Management and Average-term Planning

Common planning system will be developed and connected with the average-term strategic national, as well as other field and sector documents.

Activities directed towards the improvement of the average-term plans will be continued;

The compatibility of the strategies of various sectors with the average-term parameters will be ensured;

The average-term plans will be used as an effective tool for achieving the fiscal stability; Along with the increase of the spending of budget, the budget deficit may be increased at certain period, but it is possible to maintain low indicator in the average-term period.

Maintaining such indicators of the major macroeconomic and fiscal indicators in the average and long-term period that will enable us to improve the evaluations of the rating companies and make the country more attractive in the sense of the investment climate.

Program Budget Advancement

The works oriented on introduction of the program budget and perfection of the methodology shall be continued; the process shall cover elaboration of the methodological guidelines for spending agencies, which shall help to ensure the efficient management of the internal process of program budget preparation; the perfect introduction of the results-oriented budgeting shall be maintained, this means improvement of the anticipated outcomes and performance indicators as well as application of those in the capacity of real tools in the planning and performance evaluation process.

The work in the future years budgets planning process with the focus on more active usage of the previous years' program budgets indicators achievement indexes is planned.

Scheduled Improvement of the budget performance reporting process encompasses gradual raising the process of evaluation of the achieved results simultaneously with development of the resources envisaged by the budget.

Expansion and Improvement of the E-System of the Budget Management

Works over expansion of the functional capacities of the budget management electronic system (eBudget) shall be continued; the process shall cover the full operation of the system.

It is also planned to strengthen the relationship between the different functional of the system and integration of the all stages of the budget process into one common space. The system shall be added new modules for the legal entities of public law and local self-government bodies, as well as a new function for the formation of a consolidated budget.

In the future the mentioned system shall be applied for preparation of all stages envisaged by the budget process as well as for the analytical materials in the sphere of a public finance management.

Expected Outcomes

As a result of the measures scheduled in the direction of the outcomes oriented budgeting and the strategic planning effective management and transparency of the public finances shall be ensured within the scopes of public finances management reforms; also recourses necessary for implementation of the policy for development of different sectors shall be mobilized within the terms of fiscal sustainability maintenance.

#3 Priority

State Funds Management, Accounting and Reporting

Current Situation and Planned reforms

Accounting Reforms in the State Treasury

Within the scopes of the reform in the accounting sphere a strategy was developed in 2009; the strategy envisages gradual introduction of the IPSAS. Full compliance with the standard requirements shall be achieved by 2020. After implementation of a pilot phase (2011-2012), in 2013 there was developed the consolidated financial statements of all budget organizations of the central government according to the modified cash basis method. The next stage schedules gradual introduction of the non-financial assets registration-related standard requirements. Retraining of the accountants of the budget organization is permanently organized; Georgian versions of the standards are translated and shall be published after adoption of a formal status by the Accountants and Auditors Federation. Simultaneously with introduction of the accounting standards the works for

proper software module of the eTreasury is underway; the mentioned module shall ensure management of the treasury principal log (TGL) – balance of the government`s assets and liabilities – in a real time mode.

In 2014-2017 the accounting international transfer standards for a public sector shall be introduced. Simultaneously with reflection of the standards requirements in the accounting methodology the process of raising the budget organizations` accountants and their training by the certified trainers in compliance with the relevant standards shall be continued.

Approximation of the assets accounting to the international standards requires several years` work. Accordingly, achievement of full compliance of the fixed assets (IPSAS 17), intangible assets (IPSAS 31) and tangible assets (IPSAS 12) with the standards is scheduled in 2016. Before this time other standards shall be gradually implemented.

In 2014 – with the purpose to reflect the accounting formats and standards established for the components the normative base regulating the accounting of the budgetary financed organizations shall be updated, in particular: cash flow statements (IPSAS 2) accounting policies, changes in accounting estimates and errors (IPSAS 3), the effects caused by the changes in foreign currency exchange rates (IPSAS 4).

In 2015 the standards concerning the registration of the budget specific operations shall be introduced, in particular: disclosure of the financial information regarding state management sector (IPSAS 22), assignments, conditional liabilities and conditional assets (IPSAS 19), revenues from non-changeable operations (Taxes and Transfers) (IPSAS 23), inclusion of the budget related information in the financial statements (IPSAS 24);

2017 covers the issues of loan, rent and sectoral operations registration, in particular following standards shall be introduced: borrowing costs (IPSAS 5), rent (IPSAS 13), proceeds from exchange transactions (IPSAS 9), agriculture (IPSAS 27), civil works/development contracts (IPSAS 11).

Encompassment of the Local Self-Governance Units Budgets within the System of the Treasury Service of the Ministry of Finance

From 2004 all level budget revenues are directed to the treasury joint account; from this account the relevant sums are transferred to the accounts of the financial services of the local self-governance units and the autonomous republics on a daily basis, in compliance with the norms established by the legislation; the mentioned accounts are opened and operate in different commercial banks under the different conditions.

The financial services of the local self-governance units and the autonomous republics are provided with the different program system support, the most of which fails to ensure e-payment of the payments as well as the accounting management forms and time-frame fail to meet the requirements.

During the next 4 years all level budgetary funds shall be accumulated in the Ministry and the management shall be conducted by the joint account. This reform shall be a logic continuation of the project for introduction of the treasury unified account; this project is evaluated by the international financial organizations` experts as one of the most significant projects in the state finances management reforms

Currently the state treasury finances management unified information system (eTreasury) integrates the modules of budget planning, performance and registration-accounting. Web-technologies based system shall ensure implementation of the budget processes in a real time and reliable and timely reporting. As a result of encompassment of the local self-governmental units` and autonomous republics` budgets the reporting of the consolidated budget performance shall be available in a real time.

Transfer of the LEPLs to the Treasury Service

Revenues of the organizations with the status of a Legal Entity of Public Law (except the assignment envisaged by the budget) shall be managed via commercial banks according to the applicable legislation. The LEPLs shall be liable before the Ministry in charge for conduction of a state control, where the quarter reports (so called balance sheets) on the budget fulfilment shall be submitted. Large number (the list shall be

defined annually) of the LEPLs shall be also liable before the Ministry of Finance where the cash budget performance information shall be submitted. Current quality of reporting fails to ensure the permanent monitoring over the operations implemented by the LEPLs and relevantly no evaluation or management of the LEPLs functioning-related fiscal risks is available.

In order to improve the reporting by the LEPLs and availability of the information on their financial-budget activities in a real time it is scheduled to transfer to the state treasury services of the LEPLs busy with the servicing under non-marketable rules. The accounts of the LEPLs shall be closed in the commercial banks and opened in the unified account system of the treasury. In its turn timely access to the full information shall improve the effectiveness and the quality of the fiscal resolutions.

Reforms in the Sphere of Internal Audit and Control

Development of the internal financial control system of the government was commenced in 2009, when the first steps were made for planning and implementation of the reforms; the mentioned covers establishment of the internal audit subjects, managerial control system and the centre of harmonization which shall support development of the first two components in a public sector.

Development of the state internal financial control system may be divided into 4 stages during 2009-2013, in particular:

- ✓ Preparation (2008- 2009 years);
- ✓ Legislative (2010 - 2011 years);
- ✓ *Improvement of theoretical knowledge* (2012 year);
- ✓ *Gradual introduction (in stages) of practical experience* (2013 year).

The subjects of internal audits were established in 16 ministries by the end of 2013, also in the executive organs of the autonomous republics of Adjara and Abkhazia, municipalities and some Legal Entities of Public Law. Number of internal auditors amounts approximately to 150, among those 65% was retrained in different directions. Local trainer-resource was established, number of projects was implemented as well as

number of working meetings on internal audit and internal control was organized with the purpose to raise the awareness, strengthen the knowledge, share the experience and establish the contacts.

Internal Audit

Preparation stage was the initial period for preparation of the legislative framework of the reform. This was the period of acknowledgement of different international practices and development of the primary version of the law. Also the fundament for foundation of the centre of harmonization was made for coordination of the mentioned reform.

Legislative period covered approval of the legislative basis and its improvement. On March 23, 2010 the Law of Georgia on “Internal Audit and Inspecting” was approved, the Law was adopted on December 9, 2011 in the form of improved and international standards tailored instrument; besides the mentioned the title of the Law was changed and referred to as the Law of Georgia on “State Internal Financial Control”. In the same year the Code of Ethic of Auditors and internal audit standards were improved. The first documents of the methodology were initiated in 2010, in particular: guideline principles and internal audit methodology. By 2013 the methodology shall be updated and a new working version shall be developed.

Legislative frame is the basis of the reform, though later the issue of internal audit subjects awareness, raising of awareness and knowledge quality, so called intensification of so called theoretical knowledge was scheduled. For this purpose and on the basis of the analysis of the needs the training-strategy was elaborated and retraining process for internal auditors was initiated.

Besides the above mentioned the issue of practical realization of the theoretical knowledge should be emphasized. The year of 2013 was completely dedicated to the organization of the pilot projects; following projects were implemented in 2013:

- Introduction of the risks assessment method in three different Ministries for internal audit planning process;

- Systemic audit in three different Ministries. The stages of internal audit planning, implementation, reporting and monitoring were introduced during the internal audit inspection;
- IT audit in one of the Ministries.

Managerial Control

The legislative frames of the managerial control are relied upon the Law of Georgia on “State Internal Financial Control”. With this respect in 2013 the Centre of Harmonization acknowledged to the internal auditors the notions of internal control, managerial liabilities and raised the level of their awareness; also, the Centre implemented assessment of the three Ministries` managerial control system that supported the Centre of Harmonization in getting the familiarization with the current situation and plan the future measures in the initial stage. According to the mentioned, in the fourth quarter of 2013 one more Ministry was also selected: in this Ministry the officials would be supported in establishment of the risks management system. As a result of the project the officials of the Ministry gained the information about risks management, goals determination and strategic planning technique and their interrelation.

Reforms

Following shall be implemented in the process of public finances management process for sustainable development of the internal control system:

- Update of the “Document of Strategic Vision of the State Internal Financial Control System Development”; such update shall be based at the current situation analysis; it shall be elaborated by the Center of Harmonization in consideration of the international best practice. The mentioned document shall encompass the issues of internal audit and managerial control development; also the Document shall ensure the stipulation regarding the necessity of separation of the inspection function for the internal audit one;

- Existence of independent and strong Center of Harmonization that shall ensure improvement of the methodologies regarding the internal audit, assessment of the quality of internal audit and care for professionalism of internal auditors, also implementation of the measures relevant to the managerial control;
- Raising the awareness about internal control system of the high rank managers, heads of the institutions; raising the international level of engagement.

Expected Outcomes

System of internal audit, control and accounting meets the requirements of the state funds effective application.

Development of State Electronic Services in Public Finances Management

The present strategy envisages priority development of the integrated information system of the public finances management. This shall support creation of e-government components and its further development. Public finances management e-system created in the Ministry of Finance currently includes 7 components/services:

- eBudget – budget management e-system, which is applied for integrated management of the revenues from the functions and obligations fulfilment by the central, autonomous republics` and local governments, the payable taxes and balance changes, also the financial data of the enterprises with share participation of the LEPLs, NCPLs, budgets and government;
- eTreasury – state treasury e-service system – the mean of management of the budget funds and presentation in the e-format of the documentation and attachments of all budget organizations. With the mentioned the expending institutions are enable to make e-transfer of state monetary funds;
- eDMS –state debts and investment projects management system, which is the set of the instruments necessary for authorization of the management of the state domestic debts and loan. The major goal of the mentioned is to encompass in the unified space al

data regarding state loan, debt and grants in order to obtain the reliable and full financial information;

- eHRMS – automated system of human resources management, which is the software of the e-management of the human resources employed in the public sector throughout the country;
- RS - informational portal of the Revenue Service, by which different services are fulfilled, in particular: distribution of public information, reception of the information on legislative innovations and the processes in the Revenue Service, information regarding budget fulfilment and the operations implemented in the customs check-points. This web-portal also allocate the taxpayers tracking system – business map, question-answer e-system, which enables the relevant consultation regarding the customs and tax issues;
- eServices – e-service system of the Revenue Service, which supports implementation of the tax liabilities declaration, submission of the annexes, applications, claims and other types of data, coverage of tax liabilities (e-payment), management of e-documents – invoices, special invoices, consignment notes. The mentioned service makes available informing the taxpayer about his/her tax liabilities;
- eCustoms – customs declaration e-system, which enables the tax return applicants to execute and submit the customs declaration in fulfilment of the customs operations and receive different kinds of information.

Reform Trends

eBudget: Development and improvement of the current functional in the way of elaboration of new mechanisms for modelling and data analysis; computerization of the budget processes “beyond” the action area by addition of new modules; deepening of integration with the other e-systems within the scopes of public finances management process modernization;

eTreasury: full transfer from accounting cash basis to the accrual method; modernization of the system functional and the relevant modules within the scopes of the ongoing reforms or addition of new ones;

eDMS: Integration of the financial systems in the debts management sphere; this shall enable the Ministry of Finance to integrate all types of information about foreign and domestic debts of the government in the unified e-space, as a result the information registration and management shall be simplified and improved while application of the financial modelling functional shall enable viewing the information in different section and simplify strategic decision making in this manner;

eHRMS: It is planned realization of selection, assessment, teaching and career development management modules. The system shall be added the consumer`s module (self-service), which enables each employee to manage his/her own data and manage information sharing with the Human Resources unit employees;

RS: Allocation of new informational modules, change of portal design by introduction of modern functional;

eServices: Perfection of the current functional development of the new declaration forms according to the legislative changes, addition of signature service to the tax calendar, addition of new modules with the purpose to collect the information about a taxpayer;

eCustoms: It is planned development of new program modules and improvement of the existing ones respecting the web-services introduction; introduction of some modules in the telephone systems.

Donors Coordination

The largest share of the concessional loans in the process of formation of the debt portfolio shall be allocated from the international financial institutions and bilateral partner organizations (donors). In addition to preferential loans the donors shall allocate the additional grants and technical support. The given resources are applied for financing of the state budget needs and the priority projects of the region development;

also experience in the certain specific spheres shall be shared and the best practice shall be introduced;

With the purpose of effective application of the mentioned resources and harmonization of the donors` activities with the country`s priorities it is necessary to coordinate the donors` activity by the support beneficiary party. From the day of commencement of their business in Georgia the donors have established partner relationships, the cases of duplication of the projects are decreased and now Georgian party plays a leading role in the donors` projects and programs development. According to the current practice the Ministry of Finance of Georgia in its capacity of the principal partner of donors and the agency in charge for the debt sustainability coordinates the projects and programs reflected in the state budget. Coordination of sectoral technical support shall be implemented on the branch ministries` level.

At this stage, with the purpose to improve the coordination the systemization of coordination meetings are focused and planned as the mentioned support to each party to better plan its business; also with the purpose of more transparency the Ministry of Finance shall publish in its webpage the information about programs reflected in the budget law and the projects financed by the donors.