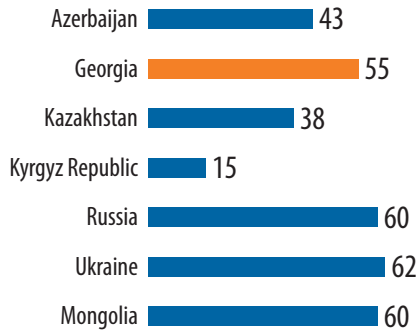


Overall score: 55 (Out of 100) Provides some information to the public in its budget documents during the year.

How Does Georgia Compare to Its Neighbors?

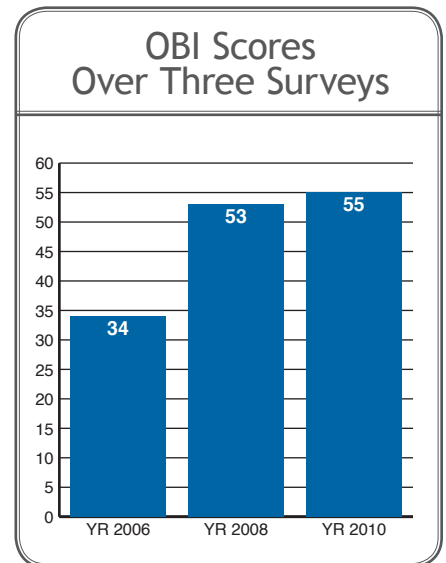


Key Findings

The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index.

Georgia's score is 55 out of 100, which is above the average for countries in Central Asia and the rest of the world, but it is less than Ukraine's score of 62. Georgia's score shows that the government provides the public with only some information on the central government's budget and financial activities during the course of the budget year. This makes it challenging for citizens to hold the government accountable for its management of the public's money.

Georgia's OBI score did increase substantially from 2006 to 2010. It rose from 34 to 55 largely because the government now publishes a relatively comprehensive Executive's Budget Proposal. The increase in Georgia's OBI score was one of the largest achieved by any country and moved it from a nation that provided worse-than-average budget information to a nation that provides better-than-average budget information.



Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	A	Published
Executive's Budget Proposal	C	Published
Enacted Budget	B	Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Not Produced
Year-End Report	D	Published
Audit Report	D	Published

* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

The **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Georgia, the Draft Law of Georgia on the 2009 State Budget of Georgia (budget proposal) is not sufficiently comprehensive. Major gaps in information in the budget proposal are found in the following areas:

- Information on the impact of different macroeconomic assumptions on the budget is not presented.
- It has inadequate information on outputs and outcomes.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Georgia publishes a comprehensive Pre-Budget Statement.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide the public with data it can use to assess the government's stated policy priorities and hold it to account. Georgia publishes a fairly comprehensive Enacted Budget, but it does not present the approved budget for all programs.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Georgia does not produce a Citizens Budget.

In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparison with the Enacted Budget figures and thus facilitate adjustments. Georgia publishes fairly comprehensive In-Year Reports, but they lack information on the specific characteristics of external debt, such as maturity, interest rate, and currency denomination.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to

OPEN BUDGET SURVEY 2010

Georgia

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Georgia does not produce a Mid-Year Review.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating modifications for upcoming budget years. Georgia publishes a Year-End Report, but it is far from comprehensive. It does not, for example, include explanations for the difference between the original performance indicators and the actual outcome.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution. It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's book keeping is balanced and accurate, and whether there were problems in the management of public funds. Georgia publishes an Audit Report, but it is far from comprehensive since it does not present the result of audits for all expenditures.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Georgia's budget process could be made more open. These include ensuring the existence of a strong legislature and supreme audit institution (SAI) that provide effective budget oversight, as well as providing greater opportunities for the public to participate in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Moderate
SAI	Moderate

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey, budget oversight provided by Georgia's legislature is inadequate because it does not:

1. have full powers to amend the budget proposal presented to it at the start of the year before the budget is enacted;
2. hold public hearings on budget discussions at which the public can easily testify; and
3. there is limited legislative scrutiny of Audit Reports;

According to the Open Budget Survey, budget oversight provided by Georgia's SAI is inadequate for the following reasons:

1. It does not have sufficient resources to meaningfully exercise its mandate.
2. It does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

Recommendations

Georgia should:

- produce and publish a Citizens Budget and Mid-Year Review;
- improve the comprehensiveness of the Executive's Budget Proposal;
- provide more opportunities for the public to testify at legislative hearings on the budget;
- enable the legislature to provide more comprehensive oversight when the budget is being approved; and
- empower the SAI to publish comprehensive Audit Reports.