



Public Forum III: Budget Transparency and Civil Society Oversight of Public Spending in Georgia

Minutes of the Forum #1

June 14, 2016

Tbilisi

On June 14, 2016 Europe Foundation held 3rd Public Forum “Budget Transparency and Civil Society Oversight of Public Spending in Georgia”. First Part of the meeting was attributed to the presentation of Assessment Report of Public Expenditure Management Oversight Mechanisms in Georgia; Afterwards the Findings and Recommendations Identified within Projects Awarded by EPF were presented.

Ketevan Vashakidze, President, Europe Foundation made opening remarks and mentioned that the traditional, 3rd public forum, as well as the implementation of the whole program “Partnership for Budget Transparency: Civil Society Oversight of Public Spending in Georgia”, together with presented projects and assessment has become possible with the support of European Union. Ketevan Vashakidze also underlined that the program is co-financed by SIDA and once again expressed gratitude to the donors.

In his opening remarks, Irakli Khmaladze, Program Manager, Budget Support Coordinator, EU Delegation to Georgia thanked Europe Foundation for organizing such forums. He mentioned that EU Delegation has a long-term productive and successful cooperation. Irakli Khmaladze reminded the participants of the meeting that EU is implementing Budget Support Project, which foresees providing grants to the state and on the other hand, implementation of responsibilities by the state. Representative of EU Delegation mentioned that they actively cooperate with the Ministry of Finance and State Audit Office. He also mentioned that delegation emphasizes on transparency, as notwithstanding an important progress achieved by Georgia, transparency and society engagement remains to be a significant challenge. According to Irakli Khmaladze, international experience can be beneficial in this regard and therefore, he attaches great importance to the assessment conducted by an international expert, as well as the recommendations regarding the society engagement.

International consultant, Olena Krylova-Mueller presented main findings and recommendations of the Assessment Report of Public Expenditure Management Oversight

Mechanisms in Georgia. The assessment identified the gaps and limitations for civil society engagement in the public finance management process at national, as well as local level. International Expert mentioned that looking at the successful reforms in Public Finance Management, public participation remains to be a problem. At the national level, civil society involvement is not well-regulated and limited to a narrow circle of CSOs. The Parliament, the State Audit Office and the line ministries still lack relevant know-how. At the local level, local government independence is compromised by a lack of fiscal decentralization and poor technical capacities, which limits ability to engage citizens. Moreover, there is very limited experience of citizen engagement at both levels. Olena Krylova-Mueller also presented findings what are the opportunities for public participation at national and local level, as well as relevant recommendations. For example, there was a discussion about the Support participatory formulation of the mid-term budget framework and annual budgets, establish coordination council with CSOs to foster systematic dialogue on civil society involvement on PEM in Georgia, etc.

The presentation was followed by the discussion.

Representative of the budgetary office of the Parliament of Georgia, Natia Tsikvadze mentioned that for their office it is important to participate in such forums. She welcomes the fact that there is a public interest to the mentioned issues and the office sees its role in ensuring budget transparency process. As an example, Natia Tsikvadze mentioned that the meeting conducted at the Parliament with CSO representatives and noted that the deepening of cooperation is planned.

Viktor Baramia mentioned that the assessment identified many important issues. It once again underlined the importance of the establishment of the format of intensive dialogue. In this context was mentioned the plan for the establishment of the representative council in the framework of the program. The council will give all stakeholders, first of all among civil society and government representatives, the opportunity of better communication and to rise, discuss and find the solutions for significant issues in public finance management. Viktor Baramia also stressed that notwithstanding the agreement, unfortunately, Ministry of Finance has not taken any specific actions so far.

Ketevan Vashakidze added that due to the expressed readiness from the Ministry, which has been reaffirmed in different formats, foundation is looking forward to concrete actions. However, as long as this process continued for a long time, if the Ministry does not plan to get involved in this process, it will be better to notify the foundation about the revision of the strategy and solve the issue in partnership with other potential entities.

Representative of the Ministry of Finance, Natia Gulua mentioned that Ministry of Finance is very interested with these issues, including public participation. She stated that during past years many reforms have been carried out in the direction of public finance management. In this context was marked switch to program budgeting, update of relevant methodology since 2015 and introduction of electronic systems of accounting. According to Natia Gulua, 2015 open budget index was improved compared to previous year; however, evaluation for public participation was still low. Accordingly, during the last year public discussions were held and

several actions were taken in this direction. She mentioned that participation component and existence of the relevant mechanism is important for the ministry. According to Natia Gulua, one donor organization cannot achieve it independently and the Ministry is working actively with the support of EU funded project. Specifically in relation to the council, Natia Gulua mentioned that the draft decree was prepared at the ministry; however it was not taken further. She mentioned that it takes a lot of time and expressed hope that this process will be taken forward in the framework of EU technical support. The ministry plans to work in this direction to ensure participation of civil society, as well as donor organization. According to Natia Gulua, at this stage there is an ongoing work on the preparation of relevant job description.

Ketevan Vashakidze underlined the fact that the foundation does not underestimate the importance of the undertaken reforms and in this case it is about the implementation of existing agreement and the need for relevant communication from both sides.

Viktor Baramia mentioned that there are number of projects carried out with the support of EU on public finance management process with the engagement of main players, where public participation remains to be an important component. Although, the foundation cooperates with all stakeholders, it is a bit confusing that there is a specific offer to the Ministry of Finance regarding public participation, and at the same time the Ministry approaches the EU to provide support in this direction. Viktor Baramia expressed hope that the project is implemented successfully and as a final result, there will be the public participation mechanism in the form of the representative council, which will significantly support planning and implementing of the next actions in this direction.

Representative of Civic Initiative, Ketevan Molashvili mentioned that the fact that the society is not interested with the budgeting process is an important issue. On the one hand, the municipality does not ensure engagement, and on the other hand, notwithstanding the existing recommendations, it is not visible for the population how this process should continue and what specific actions needs to be taken. There is a huge work to be conducted with the local government.

Representative of local self-government finances association, Davit Khosruashvili stated that the mentioned issue cannot be solved without the participation and engagement of the Ministry of Finance; therefore, there should be a will so that the population gets actively involved.

State Audit Office (SAO) representative, Ivane Shavdatuashvili mentioned that one of the aims of the State Audit office is public participation. He mentioned that they will get introduced to a very successful experience of South Korea, where the civic engagement platform was introduced without the limitation of the work of the office. He also noted that SAO has started active meetings at the municipalities for presentation-discussions of their reports and this practice will continue in the future.

Consortium Louis Berger Representative, Liana Skhirtladze talked about the experience accumulated during the implementation of the project on public finance policy and

management reforms. She underlined the situation that there is growing demand from state entities to get support in communication with civil society organizations. In this context, she mentioned communication component of Louis Berger Project, where one of the directions is public participation. Liana Skhirtladze also underlined the importance of awareness-raising of general public, especially at the local level. She mentioned that Louis Berger is ready to cooperate with civil society representatives and all the stakeholders, in order to discuss the coordination council as well as other mechanisms.

Ketevan Vashakidze mentioned that this is the exact approach of Europe Foundation and it always actively cooperates with other organizations. She mentioned that civil society platform is already established in the framework of the project. The platform is ready for the active dialogue with the government and due to the delay from the Ministry; relevant format could not be created yet.

During the second part of the forum, short presentations were held of four projects financed by Europe Foundation in the framework of EU financed program. More specifically, representatives of relevant organizations discussed the findings and recommendations identified during the implementation of the project. Moreover, during the presentations, it was identified how the findings are related to the conclusions of the assessment conducted by an international consultant.

Head of Association of Young Economists Georgia, Kakha Daushvili talked about the project which evaluated the state program “Produce in Georgia”. In the framework of the implemented project, the effectiveness of the mentioned program was evaluated. Inexistence of the mechanism or forms, relevant indicators for program monitoring was identified as a main challenge. Moreover, there were mentioned difficulties in terms of obtaining the information. Number of program beneficiaries is known, however, unfortunately, the number of received applications was not recorded and the total number of received applications is unknown. Program report is available at Europe Foundation Website: <http://www.epfound.ge/georgian/mimdinare-programebi/tanamshromloba-biujetis-gamchvirvalobistvis/sajaro-forumebi.html>

Journalist, Nino Zuriashvili asked whether the employment was increased after the implementation of the program “Produce in Georgia”. The second question referred to the representative of the Ministry of Finance, asking how much is the lack of engagement of the society related to the fact that it is hard to read and understand the budget.

Kakha Daushvili declared that there is no data about the employment and it could not be measured with the resources of the organization.

Representative of the Ministry of Finance mentioned that one of the aims of switching to program budgeting is to make the budget more comprehensible; however the process also takes some time.

Davit Khosruashvili mentioned that first of all there should be sectoral strategies and only budget, even well-developed, is not enough.

Liana Skhirladze added that the situation that most of the ministries assign accountants and finance managers to the program budgeting and not the departments who actually implement the programs and this is another challenge.

Representative of Welfare Foundation, Simon Gabrichidze talked about study on universal healthcare program. He mentioned that one of the main problems is that this program is considered as one of the most successful government programs and there is no willingness to take a look to the details. Unfortunately, there is no relevant monitoring conducted and in some cases, the statistics is no longer uploaded at the website, which previously used to be available. Simon Gabrichidze also mentioned that during past 3 years there have not been any changes to the program design and there is also no mechanism, giving an opportunity of such changes. Therefore, there is not ensured any type of public engagement. Regarding the program effectiveness, it is more oriented on urgent services and not prevention measures, which could be more effective in long-term. Program report is available at Europe Foundation Website: <http://www.epfound.ge/georgian/mimdinare-programebi/tanamshromloba-biujetis-gamchvirvalobistvis/sajaro-forumebi.html>

Representative of Georgian Young Lawyer's Association, Irma Pavliashvili emphasized on the importance of awareness raising and advocacy, as well as public meeting for overcoming indifference of the society, especially at the local level. It was once again identified by the project aiming at activating and engaging citizens in decision making in public finances in Gori, Telavi and Rustavi that in most cases, citizens do not even know about the mechanisms of engagement, which is foreseen by the relevant legislation. Notwithstanding the small differences, in all three self-governance cities there are the similar problems and therefore homogenous approaches need to be developed for ensuring public engagement. Irma Pavliashvili mentioned the readiness of the organization to continue work in this direction, and specifically, to prepare relevant recommendations in the format of cooperation with other civil society organizations.

Representative of Union of Democratic Development, Levan Kintibidze talked about ensuring monitoring and transparency of the work of noncommercial legal entities and LTDs founded by the Ozurgeti City and Community municipalities, as well as support to the establishment of the mechanisms for effective spending and reporting on public finances. He mentioned that in the framework of the project, it became possible to improve the budgetary application and reporting process and create basis for more transparency of the reporting and transparency mechanisms.

At the end of the meeting, **Viktor Baramia** mentioned that one of the aims of the establishment and work of the Civil Society Platform "Partnership for Budget Transparency" is the development of recommendations for future advocacy and the work will be continued in this direction. Therefore, the findings of all four financed projects by the Europe Foundation after mutual discussions will become part of the recommendation package. He also expressed hope that advocacy of the mentioned issues in the framework of the representative council, as well as results of the work will be discussed during the next, summarizing forum.