

2025 Public Finance Management Reform Action Plan

I – Macroeconomic Analysis and Fiscal Policy

1.1 Improving macroeconomic forecast analysis and increasing analytical information

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance Indicator: Work on the Quarterly Forecasting Model (QPM), advanced analytical products of economic activity, improved forecasting, macroeconomic analysis results, advanced centralized data processing system.

Period: January - December

Progress:

1.2 Preparation of analytic information about economic development tendencies of the country

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Periodical information on economic situation is published on the Ministry of Finance's website.

Period: January - December

Progress:

1.3 Publication of macroeconomic research papers

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Research papers available on the official website of the Ministry of Finance

Period: January - December

Progress:

1.4 Analysis of shocks affecting the development of the economy, creation of scenarios and assessment of macroeconomic risks

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Renewal of macroeconomic risk analysis; using DSGE model to analyze different political scenarios

Period: January - December

Progress:

1.5 Stress-Test analysis

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: DSGE model usage for different stress-tests

Period: January - December

Progress:

1.6 Development of medium-term fiscal policy and development of respective recommendations

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Medium Fiscal Policy Document, Economic Reform Programs (ERP) document preparation

Period: January - December

Progress:

1.7 Participation in assessment of socioeconomic decisions and creation of strategies with the framework of macroeconomic forecasting

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Influence of socioeconomic decisions on macro-fiscal indicators

Period: January - December

Progress:

1.8 Coordinating the processing of strategy and cooperation with international rating companies to improve credit rating of the country

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Development of final version of strategy

Period: January - December

Progress:

1.9 Processing and analyzing data to estimate tax expenditures, increasing the area of assessment

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Prepare tax expenditures assessment analysis, development of a tax expenditure impact assessment report

Period: January - December

Progress:

2.1 Creation of unified and state budget revenue forecast, improvement budget revenue forecast methodology and creation of alternative methodology

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: improved prognosis, alternative methodology

Period: January - December

Progress:

2.2 Organizing work on statistics of state finances and dissemination of data in accordance with the statistical methodology adopted in the country and taking into account the recommendations of the International Monetary Fund and other international organizations. Familiarization with the European Accounting Standard (ESA) and the specifics of the work of European statistical structures and raising human capacity and awareness in these directions.

Responsible Body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Published reports

Period: January – December

Progress:

1. Improvement of Budget Management

1.1 Development of law of Annual budget project

Responsible body: Budget Department, Macroeconomic Analysis and Forecasting Department, Public Debt Management Department (the parties involved: spending agencies, the State Audit Office, the Government of Georgia, the Parliament of Georgia)

Performance indicator: 2026 state budget draft law is prepared and submitted to the Parliament of Georgia within the period prescribed by law;

The draft law on the state budget is in compliance with the fiscal parameters defined by the legislation.

Period: January-December

1.2 Increasing efficiency of mid-term spending (MTEF)

Responsible body: Budget Department, Macroeconomic Analysis and Forecasting Department (the parties involved: spending agencies, the Government of Georgia, the Parliament of Georgia)

Performance indicator: Final draft of the country's basic data and directions document for the years 2025-2028 has been developed and presented to the financial-budgetary committee of the Georgian Parliament.

In order to prepare the country's basic data and directions document for 2026-2029, a draft of the Government of Georgia's order has been developed, which defines the forms of annexes, according to which the information should be presented step by step by spending institutions, government bodies of autonomous republics and local government bodies (except for local self-governing units that are part of autonomous republics) to the Ministry of Finance of Georgia. The aforementioned appendices provide for the methodology requirements for the preparation of the "Medium-term Economic Reform Program" (Economic Reform Program) document to be submitted to the European Commission by Georgia as a candidate country for EU membership.

The primary and reworked versions of the country's basic data and directions document for 2026-2029 have been prepared and submitted to the Government and Parliament of Georgia within the time limit established by the legislation and comply with the requirements of the legislation.

The basic data and directions document of the country for the years 2026-2029 has been developed, taking into account the methodology for preparation "Medium-term Economic Reform Program" (Economic Reform Program) document to be submitted to the European Commission by Georgia as a candidate country for EU membership.

Forecasts for mid-term incomes and payables of the government has been developed for current policy and in case of change to policy and aforementioned information is reflected in the country's basic data and directions document for years of 2026-2029.

Information on reasons for deviation from the previous period mid-term parameters has been developed and is attached to the 2025 budget project, that will be presented to the Georgian Parliament.

Period: January-December

1.3 Improvement of the Program Budgeting on National and Local Municipalities level

Responsible Body: Budget Department (the parties involved: Spending agencies, local authorities, donors)

Performance indicator:

The methodology of program budgeting has been approved by the order of the Minister of Finance.

Conducted training and work meetings for Ministry and Municipality representatives.

Period: January-December

1.4 Evaluating the effectiveness of programs (Spending Review)

Responsible body: Budget Department (parties involved: selected pilot ministries, Academy of the Ministry of Finance of the Netherlands).

Performance indicator: With involvement of the Academy of the Ministry of Finance of the Netherlands with the help of OECD experts: holding meetings with the agencies involved in the process; Preparation of the effectiveness evaluation (Spending Review) of one program selected in the pilot mode; Development of the process regulatory framework project.

Period: January-December

1.5 Ensure the accordance of budgetary documentation with the fiscal management principles

Responsible body: Budget Department (the parties involved: Macroeconomic Analysis and Fiscal Policy Planning, Public Debt Management Department)

Performance indicator: Reflecting detailed explanations of compliance with fiscal discipline in both planning and performance information in the country's Basic Data and Direction (BDD) document and budget documentation.

Period: January-December

1.6 Capital/Investment project management unified cycle development

Responsible body: Budget Department, Fiscal Risk Management Department (involved parties: Macroeconomic Analysis and Forecasting Department, Spending Agencies, the Government of Georgia, the Parliament of Georgia, donors)

Performance indicator: The assessment of new investment/capital projects presented by spending institutions is carried out in accordance with the methodology of investment/capital projects management by the working group created in the Ministry of Finance of Georgia for the purpose of evaluating investment projects, including the impact of projects on climate change issues and gender aspects.

New investment/capital projects, which are reflected in the state budget and medium-term framework, are evaluated in accordance with the investment/capital project management methodology.

Trainings have been conducted for the relevant employees of spending institutions and municipalities with the support of international partners.

The electronic investment project management system (ePIM) has been developed in cooperation with the Financial and Analytical Service. Additional functionality for the system has been developed (Location of project, also the possibility of evaluating the measures of mitigation and adaptation) for the purpose of reflecting matters of climate change.

Throughout 2025, new investment/capital projects will be preliminary evaluated and finally selected with the help of electronic system.

Period: January-December

[1.7 Reporting on annual and quarterly budget performance, reinforcement of accountability to the supervising entity](#)

Responsible Body: Budget Department (involved parties: spending agencies, State Audit Service, the Parliament of Georgia)

Performance indicator: Annual report on the 2024 budget performance has been developed and presented to the Government of Georgia and the Parliament of Georgia, within the prescribed terms. Performance report on fiscal rules, planned and achieved goals and elaborations on any discrepancies. Along with the performance on the annual budget, information was prepared on previous year's performance on keeping in line with the State Audit Service's recommendations.

quarterly reports of the 2025 budget have been submitted to the parliament of Georgia within the time limit set by the legislation and are in line with the existing requirements of the Georgian legislation;

Along with the 6-month budget execution report, information on the interim review of the budget execution has been prepared and submitted to the Parliament of Georgia;

An action plan on taking into account the recommendations of the State Audit Service on the state budget performance report has been prepared in accordance with the established rule. Analysis of the recommendations of the state audit provided by the mentioned action plans.

Period: January-December

1.8 Ensure the transparency of the Budget Process

Responsible Body: Budget Department (the parties involved: the state budget spending units, the Government of Georgia, the Parliament of Georgia, donors)

Performance indicator: Based on Open Budget Survey, all the main budget documentation is available on the Ministry of Finance's website (www.mof.ge) within the prescribed period of the law

The Citizen's Guide to the 2026 State Budget is published on the website. Short guides to the country's basic data and direction documents and performance reports have been prepared, which are available on the website of the Ministry of Finance of Georgia.

The platform for citizens' involvement in the budget preparation process (eBTPS.mof.ge) operates on the website of the Ministry of Finance of Georgia, through which citizens have the opportunity to participate in the budget planning process. Accordingly, the performance report on the measures and inclusion of citizens in the direction of budget transparency is published on the website of the Ministry of Finance.

Sharing international experience and cooperation with international partners in the direction of budget transparency and citizen involvement.

Period: January-December

1.9 Improvement of finance management by municipalities

Responsible Body: Budget Department (the parties involved: municipalities, donors)

Performance indicator: Municipalities are being supported in order to fulfill the conditions to be implemented in 2025 under the memorandum of cooperation signed between the Ministry of Finance of Georgia and the municipalities, with the support of international partners. Signing memorandums of cooperation with municipalities that will be re-evaluated using PEFA indicator to improve their financial management (at least 20 municipalities).

The public finance management of approximately 5 municipalities evaluated in 2017-2018 has been analyzed and evaluated according to the Public Expenditure and Financial Accountability Assessment at sub-national level (PEFA) methodology.

Memorandums of cooperation have been signed in 2022-2024 with 25 re-evaluated municipalities

Period: March-December

1.10 Support for the budget process by refinement of corresponding legislation

Responsible body: Budget Department, Legal Department (the parties involved: State budget spending agencies, the Government of Georgia, the Parliament of Georgia)

Performance indicator: Planned measures within the public finance management reform were supported by corresponding legislative and by-laws.

Period: January-December

1.11 Strengthening the link between the strategic directions and budget

Responsible body: Budget Department, Financial-Analytical Service (the parties involved: State budget spending agencies)

Performance indicator: In the electronic budget management system (ebudget), spending institutions link the programs/subprograms they implement with the policy classifier/classifiers (SDG, gender equality, climate change, human capital goals, etc.).

Connecting budgeted programs/sub-programs with government sector strategies. The programs/sub-programs to be implemented by the spending institutions are linked to at least one government strategy through the policy classifier and this information is reflected in the 2026 program budget annex. For this purpose, meetings have been held with relevant agencies.

Linking budgeted programs/subprograms to climate change classifier. The programs/sub-programs to be implemented by the spending institutions are linked through the climate change policy classifier and the said information is reflected in the 2026 program budget annex.

Reflecting gender aspects in budgeted programs/sub-programs. Gender-sensitive programs/sub-programs are identified by all ministries and linked to the Gender Equality Policy Classifier outlined in the 2026 Program Budget Annex.

With the involvement of international partners (UN WOMAN, WB), pilot ministries have been selected and workshops have been held to consider climate change and gender aspects in the budget (tagging).

Period: January-December

III – Public Debt Management

1. Update the government’s medium-term debt management strategy

Responsible body: Public Debt Management Department

Performance indicator: A medium-term government debt management strategy for the years 2026-2029 is developed and published on the website of the Ministry of Finance.

Period: January - December

Progress:

2. Updating “the Law on Public Debt”

Responsible body: Public Debt Management Department

Performance indicator: the Law on Public Debt” is updated and harmonized with international standards.

Period: January - December

Progress:

3. Development of government securities market

3.1. Introduction of new tools within the scope of liability management operations

Responsible body: Public Debt Management Department

Performance indicator: Switch and Buyback operations are regularly used in the Government Securities Market.

Period: January - December

Progress:

3.2 Expansion of Primary Dealers Pilot Program

Responsible body: Public Debt Management Department

Performance indicator: Inclusion of additional Treasury bonds in the Primary Dealers Pilot Program, subject to program evaluation results.

Period: January - December

Progress:

3.3 Preparation of Government Debt Management Report

Responsible body: Public Debt Management Department

Performance indicator: Preparation and publication of the 2024 Government Debt Management Report on the Ministry’s website.

Period: January - December

Progress:

IV- Tax and Customs Issues

1. Improvement of Legislative Base

1.1 Harmonization of tax legislation with EU directives within the Framework of the Association Agreement

Responsible Body: Tax and Customs Policy Department

Performance indicator:

- Completion of work on the draft amendments of the Tax Code of Georgia with the Council Directive 2003/96/EC of October 27, 2003 on restructuring the framework of taxation of energy products and electricity within the European Union to harmonize the tax legislation of Georgia
- Completion of work on the draft amendments to the Tax Code in order to further approximate the tax legislation to the European Council Directive 2006/112/EC of November 28, 2006

Period: January - December

Progress:

1.2 Further refinement of the tax code

Responsible Body: Tax and Customs Policy Department

Performance indicator:

- Implementation of appropriate changes in the Tax Code of Georgia, taking into account the best international practices.
- Implementation of the rules provided by the second pillar of the two-pillar plan developed by the OECD regarding the taxation of the digital economy.
- Issuance of public decisions on the application of the norm of tax legislation based on the decision of the dispute resolution body or the analysis of the existing practice of taxation of taxpayers by the tax body.

Period: January - December

Progress:

1.3 Further perfection of the customs legislation

Responsible Body: Tax and Customs Policy Department

Performance indicator:

Preparation of a document comparing the relevant legislation of Georgia with the European Union customs legislation, in which the differences between the mentioned legislations will be described in detail

Period: January - December

Progress:

1.4. Refinement of international tax policy

Responsible Body: Tax and Customs Policy Department

Performance indicator: Implementation of relevant procedures defined by law to conclude agreements/update existing agreements on "avoidance of double taxation on income and capital and prevention of non-payment of taxes and tax evasion."

Preparation/adoption of the relevant draft legislative amendments regarding the automatic exchange of financial information (CRS).

Implementation of appropriate measures for the implementation/subsequent monitoring of the 4 minimum standards developed within the framework of the Tax Base Reduction and Profit Shifting (BEPS) Action Plan of the Organization for Economic Co-operation and Development and the Big Group (OECD /G 20).

By the recommendation of the OECD, in order to successfully implement the multilateral convention "On the introduction of measures related to tax treaties to reduce the taxable base and prevent profit shifting" prepared within the framework of the 15th measure of the BEPS action plan of the Organization for Economic Cooperation and Development and the Grand Squad (OECD /G 20) preparation and publication the synthesized texts with the respective countries.

Implementation of relevant measures for the step-by-step implementation of the agreements on the first and second pillars (Pillar 1 and Pillar 2) developed by the OECD regarding the taxation of the digital economy.

Period: January - December

Progress:

2. Strengthen the tax risk management process in the field of compliance with the law

2.1 Implementation of targeted measures in priority directions defined by the law compliance plan

Responsible body: Revenue Service

Performance indicator:

The activities planned in the priority direction determined by the 2025 Law Compliance Improvement Plan have been completed:

- ✓ in the areas of trade, taxes at the source of payment, construction activities and large taxpayers;
- ✓ The electronic module for handling large taxpayer programs is functioning in test mode;
- ✓ the automatic control system for the accuracy of declarations in the main taxes is operating in test mode and/or has been implemented;
- ✓ In order to introduce a mechanism for pre-filing tax declarations, initiative and corresponding legislative proposals have been prepared;
- ✓ Initiative proposals to modernize the functions of the Tax Monitoring Department have been prepared;
- ✓ The necessary procedures for conducting an experiment using behavioral approaches and measuring its results have been carried out;
- ✓ The need to assess at least two compliance programs has been identified and these assessments have been carried out
- ✓ New indicator criteria for the taxpayer behavior rating module have been identified, and the population covered by the module has been expanded;
- ✓ The electronic module for managing assignments of commodity/material assets is operational in a real (production) environment;
- ✓ Proposals to improve the electronic system (CMS) for tax audit case management have been developed and implemented.

Period: January - December

2.2 Modernization of primary tax documents

Responsible Body: Revenue Service

Performance indicator:

- ✓ In the service provision part, the possibility of electronic subscription of primary tax documents has been introduced (including for non-VAT payers);
- ✓ Necessary legislative amendments have been initiated and approved;
- ✓ The software has been implemented.
- ✓ The offset/clearance of electronic advance invoices will take place directly within the invoice.
- ✓ Informational meetings with taxpayers have been conducted.

Period: January - December

2.3 Implementation of a unified system for the accounting of goods/services.

Responsible Body: Revenue Service

Performance indicator:

- ✓ An assessment report on the feasibility of establishing a unified system for the accounting of goods/services in the country has been developed;
- ✓ Relevant legislative amendments have been prepared;
- ✓ Information-sharing activities for interested parties have been carried out;
- ✓ Appropriate software has been implemented.

Period: January - December

2.4 Improvement of the administration of low-value goods imports

Responsible Body: Revenue Service

Performance indicator:

- ✓ Based on the study of international practices for taxing low-value goods imports and local business models, the optimal administrative option for Georgia has been selected;
- ✓ Necessary legislative changes have been prepared;
- ✓ Information-sharing activities for interested parties have been carried out;
- ✓ Initiative proposals have been developed for the creation of new IT products or the improvement of existing ones.

Period: January - December

2.5 Modernization of existing processes in the revenue service during entity liquidation/reorganization

Responsible body: Revenue Service

Performance indicator:

- ✓ The necessary legislative changes are initiated;
- ✓ Automation of information exchange with third parties is provided;
- ✓ Logics of software modules necessary for the business process are developed;
- ✓ The software required for the business process is complete.

Period: January - December

2.6 Monitoring program for privileged statuses and special taxation regimes

Responsible Body: Revenue Service

Performance indicator:

- ✓ Based on the assessed business processes, the necessary changes have been ensured;
- ✓ Based on the evaluated legal framework, the required amendments have been incorporated into the legislative acts;
- ✓ An effective monitoring system has been created and implemented.

Period: January - December

3. Development of customs risk management and preliminary information exchange system

3.1 NMSW – Introduction (Integration in the system) of the National Maritime Single Window Principle

Responsible Body: Revenue Service

Performance indicator:

- ✓ The system has been implemented and the identified information is accessible to the customs authority.

Period: January - December

3.2 Implementation of software modules for certificates of origin

Responsible Body: Revenue Service

Performance indicator:

- ✓ A new software module for issuing certificates of origin has been implemented in the following areas:
 - Issuance of certificate of origin CT1;
 - Issuance of non-preferential certificate of origin.

Period: January - December

3.3 Automation of customs processes using Machine Learning and robotics technology

Responsible Body: Revenue Service

Performance indicator:

- ✓ system for automatically verifying/confirming the payment of due taxes on goods processed through the Yellow Channel has been implemented;
- ✓ Processes have been automated in the following areas:
 - Automatic completion/registration of export declarations;
 - Removal of the goods and vehicle accounting certificate from control;
 - Declaration of vehicles subject to clearance in the economic zones and completion of customs formalities;
 - Accounting/control of vehicles in customs warehouses.
- ✓ A catalog of customs supervision and control procedures, as well as a document prioritizing these control procedures, has been developed.

Period: January - December

3.4 Improvement of customs supervision, customs control, and customs formalities for goods transported by postal shipment

Responsible Body: Revenue Service

Performance indicator:

- ✓ Procedures for the movement of goods via postal shipment have been studied, and identified deficiencies have been addressed and eliminated;
- ✓ Relevant legislative changes have been initiated;
- ✓ Technical documentation has been prepared for software changes/updates to the modules in the tax administration information system.

Period: January - December

3.5 Improvement of customs information exchange system

Responsible Body: Revenue Service

Performance indicator:

- ✓ The exchange of customs information with Turkey and Azerbaijan regarding goods transported by railway is being carried out in test mode;
- ✓ The exchange of customs information with Turkey regarding goods transported by land is being carried out in test mode.

Period: January - December

4. Improving the tax debt management system

4.1 Improvement of the tax debt management system

Responsible Body: Revenue Service

Performance indicator:

- ✓ The software modules for managing assignments in the debt management processes are operational in a production environment;
- ✓ The software module for identifying founders of enterprises with temporarily uncollectible liabilities, as well as the companies they have founded, is operational in a production environment;
- ✓ The rules and procedures for publicly disseminating and publishing documents have been automated.

Period: January - December

5. Development of services tailored to the needs of interested parties

5.1 Optimization of services of Revenue Service

Responsible Body: Revenue Service

Performance indicator:

- ✓ User manuals/video guides for 80% of services have been developed;
- ✓ Service delivery manuals and business process maps have been developed for 80% of services.

Period: January - December

5.2 Changes to the structure and design of the authorized user page

Responsible Body: Revenue Service

Performance indicator:

- ✓ Documents describing the business processes for the electronic modules on the authorized user page have been prepared for at least 30% of the modules and user manuals have been prepared for at least 70%;
- ✓ In accordance with the changes to the structure and design of the modules on the authorized user page, informational activities have been carried out.

Period: January - December

5.3 Simplification of the procedure for refunding overpaid amounts for natural persons entitled to benefits on income received from the source of payment

Responsible Body: Revenue Service

Performance indicator:

- ✓ A memorandum of cooperation has been signed with minimum 3 agencies;
- ✓ the exchange of information with the third party is carried out automatically;
- ✓ Created and tested software module for automatic refund of overpaid amounts.

Period: January - December

5.4 Raising awareness among newly registered and potential taxpayers – “Journey to the Revenue Service”

Responsible Body: Revenue Service

Performance indicator:

- ✓ In order to raise awareness among newly registered taxpayers, relevant modules/information have been placed on the website and the authorized user page, and an informational campaign has been carried out;
- ✓ Within the framework of the “Journey to the Revenue Service” project, the information to be provided during visits from educational institutions to the Revenue Service has been selected, and the individuals responsible for greeting visitors and delivering information have been trained;
- ✓ An agreement has been reached with the Ministry of Education, Science, and Youth of Georgia.

Period: January - December

6. Information technology systems improvement

6.1 Support and development of data warehouse

Responsible Body: Revenue Service

Performance indicator:

- ✓ At least four modules and/or groups of reports have been created/added to the database;
- ✓ Data from at least two new sources have been integrated in the database.

Period: January - December

6.2 Modernization of the Revenue Service’s IT systems

Responsible Body: Revenue Service

Performance indicator:

- ✓ To ensure the extension of the operational and life cycle of the Revenue Service’s IT systems, 60% of the main business processes have been migrated to new technology;
- ✓ 10% of the data information systems have been modernized in accordance with best international practices and regulatory requirements, ensuring improved functionality;
- ✓ Employees involved in the modernization process have undergone retraining to familiarize them with best international practices, regulatory requirements and cutting-edge technologies.

Period: January - December

6.3 Strengthening the computational mechanisms of IT systems

Responsible Body: Revenue Service

Performance indicator:

- ✓ Technological re-equipment has been carried out;
- ✓ Migration of the main data in information technology systems has been completed;
- ✓ At least 20 employees have been retrained.

Period: January - December

6.4 Implementation of the renewed mechanism for electronic information exchange with third parties

Responsible Body: Revenue Service

Performance indicator:

- ✓ Technological re-equipment has been carried out;
- ✓ The main data within the IT systems has been migrated;
- ✓ At least 20 employees have been retrained.

Period: January - December

6.5 Development of automatic analytical reports for the Revenue Service's Key Performance Indicators (KPIs)

Responsible Body: Revenue Service

Performance indicator:

- ✓ Automatic analytical reports (dashboards/prototypes) have been prepared for both tax and customs areas, covering key tax obligations, tax revenues and primary customs procedures.

Period: January - December

6.6 Implementation of an electronic project management system

Responsible Body: Revenue Service

Performance indicator:

- ✓ An electronic project management system has been selected;
- ✓ The electronic project management system has been implemented;
- ✓ Relevant employees (at least project managers) have been trained to use the electronic system.

Period: January - December

6.7 Standardization of information technologies and IT project management processes

Responsible Body: Revenue Service

Performance indicator:

- ✓ Procedures and policies for at least five information technologies and IT project management processes have been aligned international standards (ITIL/PMI/PRINCE2/ISO/COBIT/CMMI);
- ✓ In total, at least 20 employees of the IT Center have been trained in modern IT management methods and international standards for information technologies and IT project management;
- ✓ Employees (at least project managers) have been trained to use the electronic system.

Period: January - December

7. Bringing the information security system into compliance with modern standards

7.1 Updating the information security system

Responsible Body: Revenue Service

Performance indicator:

- ✓ Compliance with the main requirements of the Law of Georgia on information security has been fully achieved;
- ✓ All the requirements that the organization must fulfill in the first stage of implementing the Information Security Management System, as defined by December 21, 2021 Order №35 of the Head of the Legal Entity of Public Law – the Operational-Technical Agency of Georgia under the State Security Service of Georgia (“On Determining the Minimum Information Security Requirements for Subjects of Critical Information Systems of the First and Second Categories”), have been fully met;
- ✓ Security tools are implemented and periodical monitoring is conducted;
- ✓ At least 60% of the requirements of the international standard ISO 27001 have been satisfied.

Period: January - December

8. Improvement of organizational risk management system

8.1 Strengthening of integrated organizational risk management system

Responsible Body: Revenue Service

Performance indicator:

- ✓ The register of operational risks of at least 2 departments of the service has been developed and approved;
- ✓ The register of operational risks of at least 5 departments of the service has been updated and approved;
- ✓ The register of strategic risks has been developed;
- ✓ The reporting system has been implemented.

Period: January - December

9. Support of integration processes with the European Union

9.1 Enactment of the New Computerized Transit System (NCTS) at the international level

Responsible Body: Revenue Service

Performance indicator:

- ✓ New Computerized Transit System (NCTS) has been enacted.

Period: January - December

9.2 Participation in the EU tax and customs program

Responsible Body: Revenue Service

Performance indicator:

- ✓ Within the framework of tax and customs programs, at least 10 activities are carried out in the following directions: sharing of experience between different countries, improvement of cooperation, development of human resources, development of information technologies and others.

Period: January - December

9.3 Implementation of CRS Standard

Responsible Body: Revenue Service

Performance indicator:

- ✓ The projects required for implementing the updated version of the CRS have been prepared;
- ✓ An internal procedural manual has been prepared to ensure compliance;
- ✓ A dedicated structural unit has been designated for compliance checks, and the individuals involved in these checks have received training;
- ✓ Taking into account the recommendations of the Global Forum on Transparency and Exchange of Information, the relevant legislative drafts have been prepared/introduced.

Period: January - December

V – Fiscal Risks

1.1 In enterprises where the Ministry of Finance of Georgia manages shares/equity, acting as a partner/shareholder

Responsible Body: Fiscal Risks Management Department

Performance indicator: Performing the role of a shareholder of state-owned enterprises in accordance with Georgian legislation. Identifying and eliminating shortcomings in corporate governance.

Period: January - December

1.2 Preparation of fiscal risk analysis document

Responsible Body: Fiscal Risk Management Department

Performance indicator: The Ministry of Finance of Georgia will attach the fiscal risk analysis document to the first, second and third submissions of the 2026 state budget project. The document will at least maintain the 2023-2024 standard. In addition, the direction of long-term fiscal risk analysis will be improved.

Period: July - December

1.3 Financial supervision of state enterprises

Responsible Body: Fiscal Risks Management Department

Performance indicator: In accordance with the rule of implementation of the financial supervision of state enterprises of the Decree No. 1012 of the Government of Georgia of June 10, 2022, agreement on the application for corporate transfer of the enterprises separated by the decree.

Period: September - December

VI – Accounting and reporting

1. Implementation of appropriate IPSAS standards for the accrual method

1.1 Additional introduction of accrual-based IPSAS standards in the public sector; refinement and improvement of normative acts regulating accounting and reporting in order to comply with the requirements of IPSAS standards and best international practices

Responsible Body: Treasury Service

Performance indicator: Taking into account the requirements of the IPSAS standards introduced into operation and best international practices, as well as in order to introduce IPSAS standards corresponding to the accrual method in the public sector, draft amendments to the relevant normative acts have been prepared and approved by order of the Minister of Finance.

Period: January - December

1.2 Conducting workshops, seminars, trainings, etc. for public sector accountants

Responsible Body: Treasury Service, LEPL – The Academy of the Ministry of Finance

Performance indicator: Public sector accountants are trained and putting into practice the knowledge gained through workshops, seminars, trainings, etc. regarding the requirements of IPSAS standards.

Period: January - December

1.3 Preparation of consolidated financial statements of the government based on IPSAS standards introduced into action

Responsible Body: Treasury Service

Performance indicator: On the basis of the IPSAS standards corresponding to the accrual method introduced into operation, the consolidated financial statements of the government have been prepared and published on the website of the Treasury Service for transparency.

Period: January - July

2. Development of Integrated Public Financial Management Information System (PFMS)

2.1 Elaboration/development of the functionalities of the electronic treasury system (E-treasury) in the integrated information system of state finance management (PFMS) and improvement/simplification of existing business processes

Responsible Body: Treasury Service, Financial Analytical Service

Performance indicator: Analysis of relevant business processes has been conducted; Appropriate software is developed; Business processes are refined/simplified and functions properly

Period: January - December

2.2 Integrating public schools and kindergartens into the state management integrated information system (PFMS)

Responsible Body: Treasury Service, Financial Analytical Service

Performance indicator: Public schools and kindergartens are involved in the integrated information system of state management; payment of fees by public schools and kindergartens is carried out through the electronic system of the treasury (E-treasury).

Period: January - December

2.3 Integrating state-owned enterprises into the integrated state management information system (PFMS)

Responsible Body: Treasury Service, Financial Analytical Service

Performance indicator: State enterprises belonging to the government sector are involved in the integrated information system of state management; incomes received and payments made by state-owned enterprises belonging to the government sector is carried out through the electronic system of the treasury (E-treasury).

Period: January - December

2.4 Training of representatives of public schools in the use/changes of the electronic treasury system (E-treasury)

Responsible Body: Treasury Service, Financial Analytical Service, Academy of the Ministry of Finance

Performance indicator: representatives public schools are trained in the use/changes of the electronic treasury system (E-treasury)

Period: January - December

2.5 Training of representatives of state enterprises belonging to the government sector regarding the use/changes of the electronic treasury system (E-treasury)

Responsible body: Treasury Service, Financial Analytical Service, Academy of the Ministry of Finance

Performance indicator: representatives of state-owned enterprises belonging to the government sector are trained in the use/changes of the electronic treasury system (E-treasury)

Period: January - December

VII – Accounting, Reporting and Auditing Supervision

1. Effective functioning of Reporting Portal

1.1 Development of Reporting Portal

Responsible Body: Service for Accounting, Reporting and Auditing Supervision

Performance indicator:

Activities related to raising awareness for enterprises in the direction of reform and international standards of financial reporting (including informative videos, conducted presentations, trainings, placement of supporting manuals and materials on websites and social media);

Updated IFRS standards translated and posted on the service's website; Updated IFRS standards translated and posted on the service's website;

Initiating the process of implementing the digital reporting standard (XBRL);

2023 and 2024 reports of more than 70,000 enterprises made public through the report submission tab (Reportal.ge | SARAS) on the service portal (Reportal.ge);

Improving the legal framework – The draft law on amendments to the Law of Georgia "On Accounting, Reporting and Auditing" has been agreed with professional organizations and submitted to the Government of Georgia for further legal proceedings.

2. Review of compliance of reports with international financial reporting standards (IFSR, IFRS for SMEs)

Responsible Body: Service for Accounting, reporting and Auditing Supervision

Performance indicator: Detailed review of 40 financial statements of PIEs, and Category I and II enterprises for the purpose of verifying compliance with IFRS. Additionally, a review of 20 financial statements of entities that were audited last year to verify the correction of identified non-compliances. Also, a detailed review of 150 financial statements of Category III enterprises for the purpose of verifying compliance with IFRS for SMEs;

Improving legal framework – A bylaw has been developed on the review of compliance of statements with International Financial Reporting Standards (IFRS, IFRS for SMEs).

Period: January - December

3. Promoting the growth of audit service quality

3.1 Increasing the quality of audit services; Improving legal framework

Responsible Body: Service for Accounting, reporting and Auditing Supervision

Performance indicator: Quality control system monitoring conducted for 36 audit firms.

Period: January - December

3.2. Verification of compliance with legal requirements (survey)

Responsible Body: Service for Accounting, reporting and Auditing Supervision

Performance indicator: 3 audit firm/auditor investigation to verify compliance with legal requirement

Improving legal framework - The draft law on amendments to the Law of Georgia "On Accounting, Reporting and Auditing" has been agreed with professional organizations and submitted to the Government of Georgia for further legal proceedings.

4. Oversight of money laundering and terrorist financing

4.1. Production of the register of accountable persons

Responsible Body: Service for Accounting, reporting and Auditing Supervision

Performance indicator: The service manages the registers in accordance with the legal framework. In accordance with the need arising during the course of the reform, the registration production process has been refined/developed.

4.2. Improving the legal framework

Responsible Body: Service for Accounting, reporting and Auditing Supervision

Performance indicator: Bylaws have been issued covering inspection and enforcement issues.

Period: January - December

4.3. Raising the awareness of accountable persons

Responsible Body: Service for Accounting, reporting and Auditing Supervision

Performance indicator: Awareness-raising presentations have been held for persons responsible for the issued legal acts, in the profession, within the framework of Article 11 and Article 131 of the Law of Georgia "On Accounting, Reporting and Auditing", at least three (3) continuing education courses have been held in the direction of promoting the prevention of money laundering and terrorism financing. training course/training

Period: January - December

VIII – Development of Public Internal Control System

1.1 Development of financial management and control system

Responsible Body: Harmonization Center

Performance indicator:

1. A consolidated annual report on the development of the state internal financial control system was developed and submitted to the Government of Georgia.
2. An updated financial management and control manual has been developed and is publicly available.
3. All central ministries have signed an agreement on the provision of services within the framework of the budget program with at least two subordinate budget organization.

Period: January - December

Progress:

1.2 Improvement of internal audit

Responsible Body: Harmonization Center

Performance indicator:

1. At least 50 internal auditors have been trained within the national certification program of internal auditors.
2. A continuous professional development program for internal auditors has been developed, which is in line with the Global Internal Audit Standards (GIAS).
3. The internal auditor certification program training materials have been updated in accordance with the new Global Internal Audit Standards (GIAS).

Period: January - December

Progress:

IX – Informational Technologies

1. Improvement and Support of the Public Finance Management Integrated Information System

1.1 eBudget - System development and addition of new features

Responsible Body: LEPL Financial-Analytical Service

Performance indicator: Launching the completed iteration of the investment project evaluation system in a real environment and creating the corresponding functionality for the next iteration; Redesigning and adapting the program budget functionality to new requirements and creating the corresponding reporting documents; Creating the functionality for transferring funds from the budget to a specific funding source; Creating the functionality for modeling changes in the law; Generalizing the dynamic reporting functionality to various

modules; Modernizing the system functionality and relevant modules within the framework of current tasks or adding new ones.

Period: January - December

1.2 eTreasury - System Development and addition of new features

Responsible Body: LEPL Financial-Analytical Service

Performance indicator: Improving the process of returning amounts paid in previous years to the current year; Adding an automatic closing process for open packages; Automatic receipt of SWIFT conversion documents and automatic sending of foreign exchange orders to SWIFT via the autoclient; Improving the functionality of accounting for conversions and foreign exchange requirements in the Treasury General Ledger; Optimizing the Treasury General Ledger; Modernizing the functionality of the system and relevant modules within the framework of current tasks or adding new ones.

Period: January - December

1.3 eDMS - Improvement of the system and addition of new features

Responsible Body: LEPL Financial-Analytical Service

Performance indicator: Implementation of redemption and exchange functionality in a real environment and their consideration in domestic debt reporting documents; Integration of the full functionality of the DMNAT system and reporting documents into the eDMS system; Improvement of the functionality of deductions; Automation of the extraction of planned and actual information on projects from the budget and treasury systems and creation of relevant reporting documents; Modernization of the system functionality and relevant modules within the framework of current tasks or addition of new ones.

Period: January - December

1.4 eHRMS - Improvement of the system and addition of new features

Responsible Body: LEPL Financial-Analytical Service

Performance indicator: Modernization and development of the functionality of the professional development module in accordance with new requirements, updating the statistical report and adding new reports. Implementation of the new professional development results questionnaire module in the system. Integration of the eHRMS system with the electronic training system, in particular, relevant technical solutions and full-cycle

support. Implementation of new requirements in the system and continuous support for users; Continuation of the process of introducing the system in public organizations.

Period: January - December

1.5 Ensure the sustainability of ICT infrastructure of Ministry of Finance

Responsible Body: LEPL Financial-Analytical Service

Performance indicator: Effective functioning of the IT infrastructure of the Ministry of Finance of Georgia and its structural units, ensuring business continuity, development and technical support.

Period: January - December

Annex: Costing of public finance management reform 2025 action plan activities

Annex

Costing of public finance management reform 2025 action plan activities

#	Field/Action	Full Funding/Funding Source (GEL); Program Code and Name
	I – Macroeconomic Analysis and Fiscal Policy	23 01 – Public finance management
		2,300,000
1	Improving macroeconomic forecast analysis and increasing analytical information	1,200,000
1.1	Development of quarterly forecasting model	135,000
1.2	Improving macroeconomic forecast analysis and increasing analytical information	160,000
1.3	Preparation of analytic information about economic development tendencies of the country	135,000
1.4	Publication of macroeconomic research papers	65,000
1.5	Analysis of shocks affecting the development of the economy, creation of scenarios and assessment of macroeconomic risks	150,000
1.6	Stress-Test analysis	110,000
1.7	Development of medium-term fiscal policy and development of respective recommendation	80,000
1.8	Participation in assessment of socioeconomic decisions and creation of strategies with the framework of macroeconomic forecasting	135,000
1.9	Coordinating the processing of strategy and cooperation with international rating companies to improve credit rating of the country	100,000
1.10	Processing and analyzing data to estimate tax expenditures, increasing the area of assessment	130,000
2	Improving revenue forecasting and analysis	1,100,000
2.1	Creation of unified and state budget revenue forecast, improvement budget revenue forecast methodology and creation of alternative methodology	600,000
2.2	Organizing work on statistics of state finances and dissemination of data in accordance with the statistical methodology adopted in the country and taking into account the recommendations of the International Monetary Fund and other international organizations. Familiarization with the European Accounting Standard (ESA) and the specifics of the work of European statistical structures and raising human capacity and awareness in these directions	500,000

		23 01 – Public finance management; 2305 - Improving the qualifications of employees in the financial sector
	II – Budgeting	5,750,000
1	<u>Improvement of Budget Management</u>	5,750,000
1.1	Development of law of Annual budget project	900,000
1.2	Increasing efficiency of mid-term spending (MTEF)	900,000
1.3	Improvement of the Program Budgeting on National and Local Municipalities level	500,000
1.4	Evaluating the effectiveness of programs (Spending Review)	300,000
1.5	Ensure the accordance of budgetary documentation with the fiscal management principles	200,000
1.6	Capital/Investment project management unified cycle development	850,000
1.7	Reporting on annual and quarterly budget performance, reinforcement of accountability to the supervising entity	900,000
1.8	Ensure the Transparency of the Budget Process	300,000
1.9	Improvement of finance management by municipalities	500,000
1.10	Support for the budget process by refinement of corresponding legislation	100,000
1.11	Strengthening the link between the strategic directions and budget	300,000
	III – Public Debt Management	23 01 – Public finance management

		4,416,500
1	Update the government's medium-term debt management strategy	1,573,000
2	Updating "the Law on Public Debt"	907,500
3	Development of government securities market	1,936,000
3.1	Introduction of new tools within the scope of liability management operations	748,900
3.2	Expansion of Primary Dealers Program	674,000
3.3	Preparation of Government Debt Management Report	513,000
IV – Tax and Customs Issues		
		23 01 - Public finance management 23 02 – Mobilizing income and improving taxpayer service
		22,891,000
1	<u>Improvement of Legislative Base</u>	2,650,000
1.1	Harmonization of tax legislation with EU directives within the framework of the Association Agreement	530,000
1.2	Further refinement of the tax code	840,000
1.3	Further perfection of the customs legislation and issuing public decisions based on an analysis of existing taxation practices	740,000
1.4	Refinement of international tax policy	540,000
2	Strengthen the tax risk management process in the field of compliance with the law	10,907,000
2.1	Implementation of targeted measures in priority directions defined by the law compliance plan	8,436,000
2.2	Modernization of primary tax documents	792,000
2.3	Implementation of a unified system for the accounting of goods/services	327,000
2.4	Improvement of the administration of low-value goods imports	222,000
2.5	Modernization of existing processes in the revenue service during entity liquidation/reorganization	428,000
2.6	Monitoring program for privileged statuses and special taxation regimes	702,000
3	Development of customs risk management and preliminary information exchange system	764,000
3.1	NMSW – Introduction (Integration in the system) of the National Maritime Single Window Principle	124,000
3.2	Implementation of software modules for certificates of origin	53,000
3.3	Automation of customs processes using Machine Learning and robotics technology	234,000
3.4	Improvement of customs supervision, customs control, and customs formalities (Including examination/inspection of goods) for goods transported by postal shipment	247,000
3.5	Improvement of customs information exchange system	106,000

4	Improving the tax debt management system	435,000
4.1	Improvement of the tax debt management system	435,000
5	Development of services tailored to the needs of interested parties	2,796,000
5.1	Optimization of services of Revenue Service	777,000
5.2	Changes to the structure and design of the authorized user page	762,000
5.3	Simplification of the procedure for refunding overpaid amounts for natural persons entitled to benefits on income received from the source of payment	559,000
5.4	Raising awareness among newly registered and potential taxpayers – “Journey to the Revenue Service”	698,000
6	Information technology systems improvement	3,538,000
6.1	Support and Improvement of data warehouse	649,000
6.2	Modernization of the Revenue Service’s IT systems	1,343,000
6.3	Strengthening the computational mechanisms of IT systems	328,000
6.4	Implementation of the renewed mechanism for electronic information exchange with third parties	329,000
6.5	Development of automatic analytical reports for the Revenue Service’s Key Performance Indicators (KPIs)	331,000
6.6	Implementation of an electronic project management system	137,000
6.7	Standartization of information technologies and IT project management processes	421,000
7	Bringing the information security system into compliance with modern standards	1,030,000
7.1	To implement an information security management system, meet the obligations and requirements set forth in legislation and the international standard ISO 27001	1,030,000
8	Improvement of organizational risk management system	367,000
8.1	Strengthening of integrated organizational risk management system	367,000
9	Support of integration processes with the European Union	404,000
9.1	Enactment of the New Computerized Transit System (NCTS) at the international level	71,000
9.2	Participation in the EU tax and customs program	202,000
9.3	Implementation of CRS Standard	131,000
V – Fiscal Risks		23 01 – Public finance management
		850 000
1	In enterprises where the Ministry of Finance of Georgia manages shares/equity, acting as a partner/shareholder	330 000

2	Preparation of fiscal risk analysis document	300 000
3	Financial supervision of state enterprises	220 000
VI – Accounting and reporting		
		23 01 – Public finance management
		3,811,800
1	Implementation of appropriate IPSAS standards for the accrual method	1,450,000
1.1	Additional introduction of accrual-based IPSAS standards in the public sector; refinement and improvement of normative acts regulating accounting and reporting in order to comply with the requirements of IPSAS standards and best international practices	300,000
1.2	Conducting workshops, seminars, trainings, etc. for public sector accountants	900,000
1.3	Preparation of consolidated financial statements of the government based on IPSAS standards introduced into action	250,000
2	Development of Integrated Public Financial Management Information System (PFMS)	2,361,800
2.1	Elaboration/development of the functionalities of the electronic treasury system (E-treasury) in the integrated information system of state finance management (PFMS) and improvement/simplification of existing business processes	300,000
2.2	Integrating public schools and kindergartens into the state management integrated information system (PFMS)	811,800
2.3	Integrating state-owned enterprises into the integrated state management information system (PFMS)	400,000
2.4	Training of representatives of public schools in the use/changes of the electronic treasury system (E-treasury)	600,000
2.5	Training of representatives of state enterprises belonging to the government sector regarding the use/changes of the electronic treasury system (E-treasury)	250,000
VII - Accounting, Reporting and Auditing Supervision		
		23 06 – Supervision of accounting, reporting and audit
Accounting, Reporting and Auditing Supervision		3,880,000
1	Effective functioning of Reporting Portal	520,000
1.1	Development of Reporting Portal	520,000
2	Review of compliance of reports with international financial reporting standards (IFSR, IFRS for SMEs)	690,000
2.1	Review of compliance of reports with international financial reporting standards (IFSR, IFRS for SMEs)	690,000

3	Promoting the growth of audit service quality	1,883,000
3.1	Increasing the quality of audit services; Improving legal framework	372,000
3.2	Verification of compliance with legal requirements (survey)	1,511,000
4	Oversight of money laundering and terrorist financing	787,000
4.1	Production of the register of accountable persons	247,000
4.2	Improving the legal framework	280,000
4.3	Raising the awareness of accountable persons	260,000
	VIII - Development of Public Internal Control System	23 01 – Public finance management
		750,000
1	Development of Public Internal Control System	750,000
1.1	Development of financial management and control system	520,000
1.2	Improvement of internal audit	230,000
	IX – Informational Technologies	23 04 – Electronic and analytical support of financial management
		5,209,722
1	Improvement and Support of the Public Finance Management Integrated Information System	5,209,722
1.1	eBudget - System development and addition of new features	646,908
1.2	eTreasury - System Development and addition of new features	2,037,560
1.3	eDMS - Improvement of the system and addition of new features	404,818
1.4	eHRMS - Improvement of the system and addition of new features	728,758
1.5	Ensure the sustainability of ICT infrastructure of Ministry of Finance	1,391,678