

Annual Report on
2024 Public Finance Management Reform Action Plan

I - Budgeting

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: 2025 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

Third quarter progress: The “Draft Law on the State Budget of Georgia for 2025” (first submission), the revised document on the country’s main data and directions for 2025-2028, the materials attached to the draft Budget Law, and the accompanying draft law “On Amendments to the Budget Code of Georgia” to the draft State Budget Law of Georgia were submitted to the Government of Georgia within the deadline established by the legislation. The aforementioned documents¹ are posted in an editable format on the website of the Ministry of Finance of Georgia - <https://mof.ge/5757>;

Fourth quarter progress: Taking into account the updated macro-fiscal forecasts for 2024 and the subsequent medium-term period and the needs in various areas until the end of 2024, the draft Law of Georgia “On Amendments to the Law on the State Budget of Georgia for 2024” was prepared and submitted to the Government of Georgia in accordance with the procedure established by the legislation. State budget revenues increased by more than 1.1 billion GEL, while state budget payments increased by 900 million GEL, which was directed to financing existing needs in the areas of healthcare, education, sports, defense, as well as to implementing infrastructure projects, etc.

In addition, the 2025 state budget was revised, with revenues increasing by an additional 1.9 billion GEL compared to the revised version of 2024, and payments increasing by more than 2 billion GEL. The “Draft Law on the State Budget of Georgia for 2025” together with the attached materials was submitted to the Government of Georgia within the deadline established by the legislation. The amendments to the 2024 state budget and the 2025 state budget were approved by the Parliament of Georgia on December 10, 2024. The documents are published on the website of the Legislative Herald, as well as on the website² of the Ministry of Finance of Georgia³.

1.2 Increasing efficiency of mid-term spending (MTEF)

Responsible bodies: Budget department, Department of macroeconomic analysis and fiscal policy planning (the parties involved: spending agencies, government of Georgia, the Georgian Parliament)

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² <https://matsne.gov.ge/ka/document/view/6366063>; <https://matsne.gov.ge/document/view/6366063?publication=0>;

³ Amendment in the 2024 State Budget Law - <https://mof.ge/5677>; 2025 State Budget Law - <https://mof.ge/5765>

Performance indicator: Final draft of the country's basic data and directions document for the years of 2024- 2027 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 2025-2028, 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 2025-2028 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 2025-2028 has been developed, taking into account the methodology for 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.

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 2025-2028.

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

Period: January-December

First quarter progress: The document on the country's main data and directions for 2024-2027 was supplemented with information received from municipalities and autonomous republics, and the final version of the document was prepared, which was submitted as information to the Finance and Budget Committee of the Parliament of Georgia. The document on the country's main data and directions for 2024-2027 (final version) is posted on the website⁴ of the Ministry of Finance of Georgia.

Due to its status as a candidate country for EU membership, Georgia first joined the process of preparing a medium-term economic reform program using the methodology developed by the European Commission for EU candidate countries and submitted to the European Commission, within the stipulated deadline (January 15, 2024), the "Economic Reform Program" for 2024-2026. This document is a medium-term expenditure planning tool for candidate countries. The "Economic Reform Program" for 2024-2026 is available on the website⁵ of the Ministry of Finance of Georgia.

A draft resolution of the Government of Georgia "On measures to be implemented for the purpose of compiling a document on the country's main data and directions for 2025-2028" was prepared and approved by Resolution No. 62 of March 1, 2024. Unlike previous years, this resolution envisages the preparation of information by the ministries of Georgia on the implementation of two selected priority structural reforms to be implemented by them, in the medium

⁴ <https://mof.ge/5539>

⁵ [https://mof.ge/images/File/2024/Biujeti_mimartulebebi/01.03.2024/Economic Reform Program 2024-2026 Georgia.pdf](https://mof.ge/images/File/2024/Biujeti_mimartulebebi/01.03.2024/Economic_Reform_Program_2024-2026_Georgia.pdf)

term (3 years), as well as the linking of relevant programs/subprograms to the Government Strategy Vision - 2030 through the policy classifiers of the electronic budget management system (eBudget). This resolution is available both on the website⁶ of the Ministry of Finance and through the LEPL Legislative Herald⁷.

Second quarter progress: Within the deadlines established by the legislation, information was prepared on the main directions of the ministries of Georgia for 2025-2028, accompanied by baseline, optimistic and pessimistic scenarios of key economic and financial indicators, as well as information on key macroeconomic and fiscal forecasts. The above documents are posted in editable format (including both Word and Excel files) on the website⁸ of the Ministry of Finance of Georgia.

Third quarter progress: The initial version of the Basic Data and Directions (BDD) document for the country for 2025-2028, accompanied by medium-term macroeconomic forecasts, has been prepared. The document was approved by the Government of Georgia within the deadline established by law and is available on the website of the Ministry of Finance of Georgia.⁸

Fourth quarter progress: A revised version of the Basic Data and Directions (BDD) document for the country for 2025-2028, along with medium-term macroeconomic forecasts, was prepared and submitted to the Government of Georgia as part of the 2025 State Budget Draft Package. The document is also published on the website of the Ministry of Finance of Georgia.

Information about the 2025-2027 Economic Reform Program was prepared in Georgian and published on the website of the Ministry of Finance of Georgia⁸.

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: Conducted training and work meetings for Ministry and Municipality representatives, with help of donors.

The methodology of program budgeting has been updated at the state and local levels.

The program budget annex outlines the links of programs and sub-programmes to the "Policy Classifier" (SDGs, Gender Equality, Climate Change, Human Capital Goals, etc.).

Period: January – December

First quarter progress: With the support of the World Bank and the European Union, a working meeting was held with the participation of invited experts and in cooperation with the Ministry of Finance, where the main principles for improving the program budget, the connection between policy documents and budgeting, various issues that are integrated into the budget process and should be reflected in the program budget methodology, etc. were discussed. The working meeting was attended by representatives of the Ministry of Education, Science and Youth of Georgia, the Ministry of Environment Protection and Agriculture of Georgia, the Ministry of IDPs from the Occupied Territories of Georgia, the Ministry of Labor, Health and Social Affairs of Georgia, and the Budget Department of the Ministry of

⁶ <https://mof.ge/images/File/kanonebi-brdzanebebi/04-03-2024/%E1%83%91%E1%83%93%E1%83%93%2062.pdf>

⁷ <https://www.matsne.gov.ge/ka/document/view/6123841?publication=0>

⁸ <https://mof.ge/5737>

Finance of Georgia.

Fourth quarter progress: The annex to the 2025 program budget, which is part of the draft state budget package, was prepared in accordance with the Resolution of the Government of Georgia of March 1, No. 62, and the program budget methodology. The annex reflects the links with policy classifiers. The document is published on the website⁹ of the Ministry of Finance of Georgia along with the draft state budgets.

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

Progress: With the involvement of the Academy of the Ministry of Finance of the Netherlands and the assistance of OECD experts, meetings were held with representatives of the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Environment Protection and Agriculture of Georgia, where the stages of implementation of the mechanisms for assessing the effectiveness of programs and the measures to be implemented were discussed. A TOR was prepared, a pilot program was selected, and the introductory part and main descriptive part of the program effectiveness assessment document were prepared. International experiences on the implementation of the process and existing proposals on the concept adapted to Georgian practice were discussed.

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

Responsible bodies: Budget department (the parties involves: Department of 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

Second-fourth quarter progress: Along with the document on the country's main data and directions, information was prepared - "Comparison of medium-term forecasts and compliance with the fiscal rules set forth in the Organic Law of Georgia "On Economic Freedom", which reflects information on the comparison of medium-term macroeconomic and fiscal forecasts prepared in different periods and the analysis of deviations, as well as the comparison and analysis of fiscal rules - budget deficit and government debt data within the framework of the aforementioned forecasts. Fiscal rules comply with the limits set by the Organic Law.

⁹ <https://mof.ge/5765>

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 (WB, EU), as well as the Academy of the Ministry of Finance.

A test version of the electronic investment project management system (ePIM) has been developed in cooperation with the Financial and Analytical Service, and the preliminary evaluation and final selection of no less than 3 investment/capital projects has been carried out through the electronic system.

Period: January – December

First quarter progress: Within the framework of the World Bank and the European Union technical assistance, a 2-day training was held for members of the PIM working group of the Ministry of Finance to familiarize themselves with the new investment/capital project management methodology and review ongoing projects.

Within the framework of the project, work is underway to create an electronic portal for investment/capital project management (E-PIM) in cooperation with the LEPL Financial and Analytical Service.

Third quarter progress: With the support of the International Monetary Fund (IMF) Technical Assistance Mission, meetings were held to discuss ways to continue and improve the investment project management reform, including the functionality of the electronic system. An evaluation report and recommendations were prepared.

With the funding of the European Union and within the framework of the World Bank's technical assistance, meetings were held with foreign experts to discuss the test version of the electronic investment project management system (ePIM), including the invitation to receive feedback from representatives of the Ministries of Regional Development and Infrastructure of Georgia and the Ministry of Economy and Sustainable Development of Georgia, who are involved in the process of preparing investment projects.

Fourth quarter progress: A report on the projects reviewed during 2024 was prepared and published on the website¹⁰ of the Ministry of Finance of Georgia. The working group reviewed more than 30 projects worth more than 2 billion GEL, including 16 large projects worth more than or equal to 20 million GEL.

With the support of the World Bank and the Financial and Analytical Service, an electronic investment project management system (ePIM) was created. The system integrated the project concept note and cost-benefit analysis

¹⁰ <https://mof.ge/5615>

(financial and economic), as well as the stages to be implemented by the working group, including the evaluation of projects in accordance with the criteria defined by the methodology. 3 investment projects were tested in the system.

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, Georgian Parliament).

Performance indicator: Annual report on the 2023 state budget performance has been developed and presented to the Government of Georgia and the Georgian Parliament, within the prescribed terms. Performance report encompasses definitions 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 2024 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

First quarter progress: Within the deadlines established by law, the 2023 State Budget Performance Annual Report was prepared, which was accompanied by the 2023 Human Capital Program Performance Report for 12 months, as well as a new appendix with documents on the analysis of the materialization of risks identified in the 2023 State Budget document.

The 2023 State Budget Performance Annual Report in editable format (including both Word and Excel files) is posted on the website¹¹ of the Ministry of Finance.

Second and third quarters progress: Within the deadlines established by the legislation, the 3-month (<https://mof.ge/5733>) and 6-month (<https://mof.ge/5751>) performance reports of the 2024 State Budget of Georgia were prepared, accompanied by an annex on the status of performance of the Human Capital Program goals. The performance reports in editable format (including both Word and Excel files) are posted on the website of the Ministry of Finance of Georgia.

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

An action plan on taking into account the recommendations of the State Audit Office on the state budget implementation report has been prepared in accordance with the established procedure. Analysis of the state audit recommendations provided for in the aforementioned action plans.

¹¹ <https://mof.ge/5727>

Fourth quarter progress: A 9-month budget execution report was prepared and submitted to the Government of Georgia and the Parliament of Georgia in accordance with the procedure and deadlines established by law. The information is published on the website¹² of the Ministry of Finance of Georgia.

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).

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 2025 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.

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

Period: January – December

First quarter progress: With the support of USAID, work is underway to improve budget transparency and public engagement and accountability. It is planned to improve the functionality of the electronic portal (e-BTPS.mof.ge) and fully implement it.

A brochure on the annual report on the implementation of the 2023 state budget was prepared, which is posted on the website¹³ of the Ministry of Finance of Georgia.

A brief overview of the final version of the document on the country's main data and directions for 2024-2027 was prepared. This document is posted on the website¹⁴ of the Ministry of Finance of Georgia.

A citizen's guide¹⁵ and brochure¹⁶ were prepared on the Law on the State Budget of Georgia for 2024, which are available to all interested parties through the website of the Ministry of Finance of Georgia.

A budget calendar for the state budget, republican budgets of autonomous republics, and budgets of local self-government units for 2024 has been prepared and is posted on the website of the Ministry of Finance of Georgia in both Georgian¹⁷ and English¹⁸.

¹² <https://mof.ge/5769>

¹³ https://mof.ge/images/File/2023/shersulebis_angarishebi/04-04-2024/2023%20wlis%20wliuri%20broshura.pdf

¹⁴ <https://mof.ge/images/File/gzamkvlevi/2024/04-04-2024/BDD-saboloo%20broshura.pdf>

¹⁵ <https://mof.ge/images/File/gzamkvlevi/2024/22-01-2024/Citizens%20Guide%202024.pdf>

¹⁶ https://mof.ge/images/File/2024_Biujeti/05-04-2024/%E1%83%91%E1%83%98%E1%83%A3%E1%83%AF%E1%83%94%E1%83%A2%E1%83%98%202024.pdf

¹⁷ https://mof.ge/sabijeto_kalendari

¹⁸ <https://mof.ge/en/4551>

Second and third quarters progress: A short brochure has been prepared on the 3-month¹⁹ and 6-month²⁰ performance reports of the 2024 State Budget of Georgia, which is posted on the website of the Ministry of Finance of Georgia.

Fourth quarter progress: Guidelines have been prepared for the second and third submission of the 2025 State Budget, as well as for the 2025 State Budget Law, amendments to the 2024 State Budget, and the 9-month budget execution report. The information is published on the website of the Ministry of Finance of Georgia.

A report “Budget Transparency and Citizen Involvement in the Budget Process” has been prepared, which is posted on the website of the Ministry of Finance of Georgia²¹.

1.9 Improvement of finance management by municipalities

Responsible body: Budget Department (involved parties: municipalities, donors)

Performance indicator: Municipalities are being supported in order to fulfill the conditions to be implemented in 2024 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 indicators to improve their financial management (at least 20 municipalities).

The public finance management of at least 15 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.

Period: March – December

Second and third quarters progress: Using PEFA indicators, an assessment of 15 municipalities was carried out with the support of USAID and GIZ, including from a gender perspective (Telavi, Signaghi, Kvareli, Mestia, Zugdidi, Ozurgeti, Lanchkhuti, Aspindza, Bolnisi, Adigeni, Ninotsminda, Dedoplistskaro, Akhaltsikhe, Borjomi, Sagarejo).

1.10 Support for the budget process by refinement of corresponding legislation

Responsible body: Budget department, Legal department (participating parties: State budget spending agencies, the Government of Georgia, the Georgian parliament)

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

¹⁹ https://mof.ge/images/File/2024/shesrulebis_angarishebi/27-05-2024/%E1%83%A1%E1%83%90%E1%83%A5%E1%83%90%E1%83%A0%E1%83%97%E1%83%95%E1%83%94%E1%83%9A%E1%83%9D%E1%83%A1%2024%20%E1%83%AC%E1%83%9A%E1%83%98%E1%83%A1%20%E1%83%A1%E1%83%90%E1%83%AE%E1%83%94%E1%83%9A%E1%83%9B%E1%83%AC%E1%83%98%E1%83%A4%E1%83%9D%20%E1%83%91%E1%83%98%E1%83%A3%E1%83%AF%E1%83%94%E1%83%A2%E1%83%98%E1%83%A1%203%20%E1%83%97%E1%83%95%E1%83%98%E1%83%A1%20%E1%83%A8%E1%83%94%E1%83%A1%E1%83%A0%E1%83%A3%E1%83%9A%E1%83%94%E1%83%91%E1%83%90.pdf

²⁰ [https://mof.ge/images/File/2024/shesrulebis_angarishebi/01-08-2024/%E1%83%A1%E1%83%90%E1%83%A5%E1%83%90%E1%83%A0%E1%83%97%E1%83%95%E1%83%94%E1%83%9A%E1%83%9D%E1%83%A1%2024%20%E1%83%AC%E1%83%9A%E1%83%98%E1%83%A1%20%E1%83%91%E1%83%98%E1%83%A3%E1%83%AF%E1%83%94%E1%83%A2%E1%83%98%E1%83%A1%206%20%E1%83%97%E1%83%95%E1%83%98%E1%83%A1%20\(2\).pdf](https://mof.ge/images/File/2024/shesrulebis_angarishebi/01-08-2024/%E1%83%A1%E1%83%90%E1%83%A5%E1%83%90%E1%83%A0%E1%83%97%E1%83%95%E1%83%94%E1%83%9A%E1%83%9D%E1%83%A1%2024%20%E1%83%AC%E1%83%9A%E1%83%98%E1%83%A1%20%E1%83%91%E1%83%98%E1%83%A3%E1%83%AF%E1%83%94%E1%83%A2%E1%83%98%E1%83%A1%206%20%E1%83%97%E1%83%95%E1%83%98%E1%83%A1%20(2).pdf)

²¹ https://mof.ge/images/File/2025_Biujeti/31-12-2024/1/eBTPS%20%E1%83%90%E1%83%9C%E1%83%92%E1%83%90%E1%83%A0%E1%83%98%E1%83%A8%E1%83%98%202024%203012.pdf

Period: January – December

Second and third quarters progress: Along with the draft law on the State Budget of Georgia for 2025 (first submission), a supplementary draft law “On Amendments to the Budget Code of Georgia” was prepared, which provides for the extension of the transitional period for the transition from the equalization transfer system to the value added tax distribution system by 1 year until 2025. Also, according to the amendment, the restriction on VAT growth specified by the law will no longer apply to those municipalities whose VAT forecast rate is less than 15.0 million GEL. Also, for those municipalities for which the above-mentioned restriction remains in force, the VAT volume will be determined at no less than 15.0 million GEL. In addition, due to the complexity of the issue and taking into account the number and specifics of organizations, the amendment to the Budget Code provides for the postponement of the period for the transfer of public schools and state enterprises belonging to the government sector to the treasury.

1.11 Strengthening the Link Between the Policy Documents and Budget

Responsible body: Budget department, Financial-Analytical Service (participating parties: 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 2025 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 2025 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 2025 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.

First quarter progress: In accordance with Article 3 of the Resolution No. 62 of the Government of Georgia of March 1, 2024 “On Measures to be Implemented for the Purpose of Compiling the Document of Basic Data and Directions of the Country for 2025-2028”, in the process of preparing the Medium-Term Action Plans for 2025-2028, the ministries of Georgia, in coordination with the Human Rights Secretariat of the Administration of the Government of Georgia, shall ensure the identification of links between the programs/sub-programs to be implemented by them from a gender perspective, and in coordination with the Ministry of Environment Protection and Agriculture of Georgia - climate change issues, and in coordination with the Administration of the Government of Georgia and the Ministry of Finance of Georgia, the reflection of links with the policy classifier of the “Vision - 2030 Georgia Development Strategy” approved by the Resolution No. 517 of the Government of Georgia of November 3, 2022. Spending institutions must reflect these linkages in their 2025 budget applications through the "Policy Classifier" of the Electronic State Finance Management

System (E-Budget).

Within the framework of UN WOMAN technical assistance, a 2-day training was held for employees of the Ministry of Finance, where the main principles of the Tagging methodology for linking programs/subprograms to the gender equality classifier were discussed, as well as the innovations and reforms planned for the current year to strengthen the links between strategic policy documents and budgeting, including issues related to identifying links between programs/subprograms and policy classifiers (SDG, gender equality, climate change, human capital goals, etc.).

Second quarter progress: With the support of UN Women and the United Nations Development Programme (UNDP), two-day field trainings were conducted with pilot ministries (Ministry of Economy and Sustainable Development of Georgia, Ministry of Education and Science of Georgia, Ministry of Internally Displaced Persons from the Occupied Territories, Ministry of Labor, Health and Social Protection of Georgia). The training covered data collection and analysis methods and their use in the policy cycle, with a special emphasis on gender data, including issues of gender mainstreaming in the budget. In addition, one-day trainings on linking budgeted programs/sub-programs to the Gender Equality Policy Classifier (so-called Tagging) were conducted with the participation of representatives of all ministries.

Fourth quarter progress: In order to link the programs/sub-programs envisaged in the budget with climate change issues in the 2025 budget, with the support and coordination of the World Bank, linkages were identified in the case of 85 programs/sub-programs of 6 ministries, including 29 programs and 56 sub-programs.

The linkages of programs/sub-programs were reflected in gender equality (in the case of 10 ministries), human capital management, the UN Sustainable Development Goals, etc.

The linkage of programs/sub-programs envisaged in the budget with the Government Strategy - Vision 2030 was implemented in a pilot mode. In particular, the annex to the 2025 program budget reflects the linkages of 62 programs and 38 sub-programs with the relevant areas of the strategy.

II – Public Debt Management

2.1 Update the government's medium-term debt management strategy

Responsible body: Department of Public Debt Management

Performance indicator: development of a medium-term government debt management strategy for the years 2025-2028 and its publication in accordance with the order of the Minister of Finance No. 328 of September 26, 2022.

Period: January – December

Progress: The initial version of the Government's Medium-Term Debt Management Strategy for 2025-2028 has been developed, and data is being updated as of the end of December 2024. The document is scheduled for publication in February 2025.

2.2 Development of government securities market

2.2.1 Introduction of new tools within the scope of liability management operations

Responsible body: Department of Public Debt Management

Performance indicator: Using Switch Operations in the Government Securities Market.

Period: January – December

Progress: The joint order of the National Bank of Georgia and the Ministry of Finance “On Approval of the Regulation on the Issue, Circulation, Accounting and Repayment of Treasury Obligations and Treasury Bonds by the Ministry of Finance of Georgia” has been amended regarding treasury securities exchange operations. Based on the aforementioned amendment, four exchange operations were conducted in 2024, within the framework of which securities with a nominal value of GEL 150 million were exchanged. It is planned to actively use this instrument for the purpose of managing liabilities.

2.2.2 Expansion of Primary Dealers Pilot Program

Responsible body: Department of Public Debt Management

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

Period: January – December

Progress: In 2024, a new methodology for evaluating primary dealers was developed, based on which a decision is made on the inclusion of a security with a new maturity in the program. Since February, a new benchmark bond with a 5-year maturity has been included in the program. As of the end of the year, five securities are included in the program, including two active and three inactive.

2.2.3 Preparation of Government Debt Management Report

Responsible body: Department of Public Debt Management

Performance indicator: Preparation and publication of the 2023 Government Debt Management Report on the Ministry's website.

Period: January – December

Progress: A new (annual) report on government debt management was developed in 2024, and work on it was actively underway throughout the year. The document is published on the Ministry's website (<https://mof.ge/5785>).

III - Accounting and reporting

1. Implementation of appropriate IPSAS standards for the accrual method

1.1 Refinement and improvement of accounting regulations in the public sector in order to comply with the requirements of IPSAS standards

Responsible body: Treasury Service

Performance indicator: taking into account the requirements of IPSAS standards introduced into action and the best international practices, appropriate changes have been made in the normative acts regulating accounting and reporting

Period: January – December

Third quarter progress: In order to comply with the requirements of IPSAS standards and best international practices, draft normative acts regulating accounting were prepared within the framework of a working group together with the State Audit Office, which were submitted to budgetary organizations for comments and suggestions. The approval of the aforementioned normative acts is scheduled for the end of the year.

Fourth quarter progress: In order to comply with the requirements of IPSAS standards and best international practices, draft normative acts regulating accounting were prepared within the framework of a working group together with the State Audit Office, which, taking into account the comments and suggestions of budgetary organizations, were finalized and approved by orders of the Minister of Finance.

Note: completed

1.2 Additional introduction of accrual-based IPSAS standards in the public sector

Responsible body: Treasury Service

Performance indicator: analysis has been conducted to introduce additional IPSAS standards based on the accrual method; Drafts of amendments to relevant normative acts have been prepared and approved by the order of the Minister of Finance

Period: January - December

Fourth quarter progress: Within the framework of the technical support of the International Monetary Fund (IMF), an analysis was conducted for the introduction of two additional accrual-based IPSAS standards (IPSAS 38 and IPSAS 40). Draft amendments to the relevant normative acts were prepared and approved by order of the Minister of Finance.

Note: completed

1.3 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 put into practice the knowledge gained through workshops, seminars, trainings, etc. regarding the requirements of IPSAS standards.

Period: January-December

Third quarter progress: In order to improve the qualifications of accountants in the public sector, in cooperation with the Academy of the Ministry of Finance, trainings are being conducted for representatives of organizations financed by state and local budgets, which involves teaching the accounting and reporting methodology developed on the basis of International Public Sector Accounting Standards (IPSAS). In addition, with the support of the World Bank and the European Union, up to 20 representatives of the public sector have been certified through the PwC electronic platform - IPSAS in a box. The certification process is planned to continue in the future.

Note: completed

1.4 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

Third quarter progress: In order to improve public finance management, based on the IPSAS standards introduced into operation, the State Treasury prepared consolidated financial statements for 2023 of organizations financed by the state budget, and the autonomous republics and municipalities prepared consolidated financial statements for 2023 of autonomous republics and municipalities, which were published on the State Treasury website <http://www.treasury.ge> to ensure accountability and transparency.

Note: completed

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

Third quarter progress: In order to improve the efficiency of fiscal decisions, the integrated public finance management information system (PFMS) is constantly being refined, business processes are simplified, the existing information system is modernized, and various functionalities/modules are adapted to the needs of users.

Fourth quarter progress: In order to improve the efficiency of fiscal decisions, the integrated public finance management information system (PFMS) is constantly being refined, business processes are simplified, the existing information system is modernized, and various functionalities/modules are adapted to the needs of users.

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

Third quarter progress: In order to ensure accountability and transparency of state finances, in accordance with the Action Plan for the Integration of Public Schools and Kindergartens into the Treasury's Electronic System, the process of transferring public schools to the State Finance Management Information System was implemented. Currently, **1,170 public schools** and **191 kindergartens** are integrated into the State Management Information System.

Fourth quarter progress: In order to ensure accountability and transparency of state finances, in accordance with the Action Plan for the Integration of Public Schools and Kindergartens into the Treasury's Electronic System, the process of transferring public schools to the State Finance Management Information System was implemented. Currently, **1,328 public schools** and **191 kindergartens** are integrated into the State Management Information System.

Note: completed

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

Third quarter progress: In order to ensure accountability and transparency of state finances, in accordance with the Action Plan for the Integration of State Enterprises belonging to the Government Sector into the Treasury Electronic System, the process of transferring two state enterprises belonging to the government sector - **the Solid Waste Management Company** and **the United Water Supply Company** - to the State Finance Management Information System was implemented.

Fourth quarter progress: In order to ensure accountability and transparency of state finances, in accordance with the Action Plan for the Integration of State Enterprises belonging to the Government Sector into the Treasury Electronic System, 6 State Enterprises belonging to the Government Sector were integrated.

Note: completed

2.4 Training of state budget and local self-government representatives 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 the state budget and local self-governing units are trained regarding the use/changes of the electronic treasury system (E-treasury)

Period: January-December

Third quarter progress: In order to facilitate the integration of public schools into the state finance management information system, in cooperation with the Academy of the Ministry of Finance, representatives of public schools were trained in the use of the treasury's electronic system.

Fourth quarter progress: In order to facilitate the integration of public schools into the state finance management information system, in cooperation with the Academy of the Ministry of Finance, representatives of public schools were trained in the use of the treasury's electronic system.

Note: completed

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

Third quarter progress: In order to facilitate the integration of state-owned enterprises belonging to the government sector into the state finance management information system, representatives of relevant enterprises were trained in the use of the treasury electronic system in cooperation with the Academy of the Ministry of Finance.

Fourth quarter progress: In order to facilitate the integration of state-owned enterprises belonging to the government sector into the state finance management information system, representatives of relevant enterprises were trained in the use of the treasury electronic system in cooperation with the Academy of the Ministry of Finance.

Note: completed

IV- Tax and Custom 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 to 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: Draft amendments to the Tax Code of Georgia have been prepared.

Draft amendments to the Tax Code of Georgia have been prepared, which take into account the mandatory provisions of Council Directive 2006/112/EC of 28 November 2006.

Draft amendments to the Tax Code of Georgia have been prepared, which take into account the mandatory provisions of Council Directive 2003/96/EC of 27 October 2003 on the restructuring of the framework for the taxation of energy products and electricity in the European Union.

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:

- Work was underway on amendments to the Tax Code to take into account best international practices.
- Work continued within the framework of the pilot program of the Organization for Economic Co-operation and Development to implement the rules provided for in the second pillar of the two-pillar plan developed by the OECD regarding the taxation of the digital economy.
- Public Decision No. 195 of the Minister of Finance of Georgia of June 7, 2024 “On the taxation of exchange (barter) transactions with VAT when supplying immovable property within the framework of this transaction” was issued.

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: An analysis of two chapters was carried out based on a comparison of the relevant Georgian legislation with the EU customs legislation.

1.4 Refinement of international tax policy

Responsible body: Tax and Customs Policy Department

Performance indicators: 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."

Implementation of relevant measures within the framework of the 2nd round of assessment of the performance of international tax standards developed within the framework of the Global Forum on Transparency and Exchange of Information for Tax Purposes and the exchange of information on request in accordance with the new 2016 methodology, as well as preparation/adoption of the project of relevant legislative changes 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: On March 27, the Organization for Economic Co-operation and Development (OECD) published a report on the compliance of Georgia's legislation and practices with international standards in the field of information exchange and transparency for tax purposes.

The assessment was carried out by the Global Forum on Transparency and Exchange of Information for Tax Purposes, within the framework of the second round, and is based on the methodology updated by the OECD. In the assessment

process, jurisdictions are assessed according to 10 elements: A.1 Availability of information on ownership and identity; A.2. Availability of accounting information; A.3 Availability of banking information; B.1 Access to information; B.2 Rights and safeguards; C.1 Exchange of information on request (EOIR) mechanisms; C.2 Network of mechanisms for exchange of information on request; C.3 Confidentiality; C.4 Rights and safeguards and C.5 Quality and timeliness of responses. It is noteworthy that Georgia was given the highest rating in 8 of these 10 elements.

Work on the introduction of automatic exchange of information on financial statements has been completed. In order to streamline the technical side of the exchange of information, amendments were made to the reporting rules provided for by Order No. 125 of the Minister of Finance of Georgia. Relevant notifications were sent to the Secretariat of the Organization for Economic Cooperation and Development. The first exchange was carried out in September 2024.

In order to fulfill the obligations assumed within the framework of the Base Erosion and Profit Shifting (BEPS) project, in order to implement the reporting of multinational enterprise groups provided for by Measure 13 (Transfer Pricing Documentation and Country-by-Country Reporting), Order No. 188 of the Minister of Finance of Georgia on Approval of the “Reporting Rules for Multinational Enterprise Groups” was approved on June 4 of this year. The Order came into force in 2025. In order to implement the reporting envisaged by Action 13, relevant notifications were sent to the Secretariat of the Organization for Economic Cooperation and Development. A questionnaire developed to assess the implementation of reporting by country was completed and also sent to the Organization for Economic Cooperation and Development.

In order to amend the 2007 Agreement between the Government of Georgia and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes with respect to Income and Capital, a draft Protocol of Amendments was sent to the Ministry of Foreign Affairs for the purpose of implementing the relevant internal procedures.

The Agreement on the Avoidance of Double Taxation proposed by the Andorran side was analyzed and the draft Agreement on the Avoidance of Double Taxation prepared by the Ministry of Finance was sent to the Ministry of Foreign Affairs for the purpose of implementing the internal procedures for concluding the Agreement.

Active work was carried out with the OECD Secretariat (the questionnaire provided by the OECD was filled out, relevant legislation was translated, etc.) on the implementation of the new standard for transparency and exchange of tax information created by the OECD Regarding the Crypto-Asset Reporting Framework (CARF).

In order to renew the Agreement between the Republic of Georgia and the Republic of Azerbaijan for the Avoidance of Double Taxation on Income and Capital and the Prevention of Fiscal Evasion and Fiscal Evasion with respect to Taxes, concluded in 1997, relevant internal procedures have been carried out. Negotiations with the Azerbaijani side are planned to be held in the first half of 2025.

In order to renew the Agreement between the Republic of Georgia and the Republic of Kazakhstan for the Avoidance of Double Taxation on Income and Capital and the Prevention of Fiscal Evasion and Fiscal Evasion with respect to Taxes, concluded in 1997, relevant internal procedures have been carried out. The initialed draft text has been translated into Georgian and sent to the Ministry of Foreign Affairs for the purpose of implementing further internal state procedures. An explanatory note was also prepared, which reflected the main changes made to the Georgian draft text of the agreement as a result of the negotiations and the conclusion of the Ministry of Finance on the expediency of signing the agreement. On June 7, 2024, an order of the Prime Minister of Georgia and a decree of the Government of Georgia were issued on the authority to hold negotiations;

Negotiations with the Sultanate of Oman were resumed in a virtual format in order to make changes to the text initialed

in 2012. The aim of the changes is to reflect the minimum BEPS standards in the agreement and revise the rates;

In 2024, negotiations with Montenegro continued in a virtual format with the aim of concluding an agreement “On the Avoidance of Double Taxation on Income and Capital”, as a result of which an agreement was reached on the disputed articles. The initialed draft text was translated into Georgian and sent to the Ministry of Foreign Affairs for the purpose of implementing further internal state procedures. An explanatory note was also prepared, which reflected the main changes made to the Georgian draft text of the agreement as a result of the negotiations and the conclusion of the Ministry of Finance on the expediency of signing the agreement. On April 8, 2024, an order of the Prime Minister of Georgia on granting the signing authority and a decree of the Government of Georgia on signing the agreement were issued.

As part of the assessment of BEPS Action 5, a questionnaire completed within the framework of the annual monitoring on “Virtual Zone Person” and “International Company” was sent to the Secretariat of the Forum on Harmful Tax Practices (FHTP) on February 5, 2024. In August 2024, the Inclusive Platform published a report on the assessment of preferential tax regimes, according to which the preferential tax regimes existing in Georgia comply with the standards set by the OECD.

In the 2023 Peer Review Reports published by the OECD on December 16, 2024, which concerns the exchange of information on tax rulings by countries in 2023, Georgia was assessed positively (No recommendations).

In 2024, work was actively underway on the extension of the MLI to all double taxation agreements that have entered into force. Accordingly, as a result of active cooperation with the OECD Secretariat, work on the consolidated version of the MLI was completed. The document was translated into Georgian and sent to the Ministry of Foreign Affairs for further domestic procedures.

Within the framework of the two-pillar plan for taxation of the digital economy, the OECD WP1 developed a taxable income rule, the so-called STTR. In order to implement this rule, documents approved by the OECD on the "Rule of Taxable Income" were processed and the compliance of this rule with both the Tax Code and the agreements signed by Georgia on the "Avoidance of Double Taxation" was analyzed.

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

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

Responsible body: Revenue Service

Performance indicator: The activities planned in the priority direction determined by the 2024 Law Compliance Improvement Plan have been completed:

- ✓ in the areas of trade, taxes at the source of payment, construction activities and large taxpayers;
- ✓ Declaration correctness control programs are implemented/updated;
- ✓ The necessary procedures for conducting the experiment and measuring the results using behavioral approaches have been implemented;
- ✓ The mechanism of pre-filing of the tax declaration has been introduced;
- ✓ Automation of data reporting on key revenue service data (KPI) for at least 5 environments ("dashboard") is created;
- ✓ The quality of the results of the study of the task of the compliance programs is evaluated within the framework of at least 3 programs

Period: January- December

Progress: The Revenue Service, in order to improve the level of taxpayer compliance, uses various tools and processes based on four fundamental obligations of the taxpayer: registration, timely declaration, correct declaration and timely payment of taxes.

During 2024, within the framework of the project, measures were implemented in the approved action plan to ensure the implementation of all four priority areas defined by the “2024-2025 Compliance Improvement Plan”.

Trade sector:

In order to improve the database of taxpayers, based on the amendments to the Order N996 on Tax Administration, from April 1, 2024, it has become mandatory to submit information by the lessor of stationary trade facilities and non-stationary trade places intended for the sale of goods on the territory of the market. Taking this into account, an electronic module has been developed and is functioning, which simplifies the submission of information for taxpayers in a remote mode. Identification of problematic taxation issues in the trade sector and planning of relevant activities are being carried out on a permanent basis.

In the trade sector, a risk segment profile study is underway and is being completed in stages in various directions, both new and corrected risk profile documents have been created for the completed segments, and risk profiles have been updated.

In order to improve the assessment of the risk of loss of taxpayers' goods and material values in the trade sector, the criteria of the inventory management program have been refined using additional sources of information. The software implementation of the modified criteria is underway.

In order to raise tax awareness, taxpayers in the sector were provided with information on legislative changes using an electronic page.

In 2024, based on the measures defined in the action plan for this direction, taxpayers at risk were identified and the initiation of both tax audits and ongoing control measures with high-risk taxpayers in the trade sector continued.

Withholding Tax:

Within the framework of the project, in order to increase the level of legal compliance in this area during 2024, all possible stakeholders and risks of withholding tax compliance were identified. As a result of the analysis of the information received, risk assessment and legal environment analysis documents were developed.

In the process of developing automatic validation and error prevention mechanisms, problem fields were identified based on the analysis of tax declarations filed at the source of payment and software was implemented based on the relevant logic. In addition, in order to improve the database on taxpayers, Appendix “e” was added to the declaration form, in which the taxpayer is obliged to reflect the payment made in cash for the services received (which is not subject to taxation at the source of payment), according to the reporting month of its actual issuance. Based on the above change, the Revenue Service will receive information about income received by individuals that was not taxed at the source of payment and is subject to declaration by the individual within the relevant term.

The risk segment profile study was completed, a revised risk profile document was created, and the risk profile was updated.

In order to promote voluntary compliance and raise awareness of tax obligations, target groups of taxpayers with withholding taxes were identified and a tailored communication campaign was developed, within the framework of which legislative changes were introduced using the taxpayer's electronic page and consultations were held with business associations and professional organizations. An incentive plan for identifying risky taxpayers and ensuring their compliance is in the process of being developed.

Within the framework of the project, during 2024, the risk indicators of the employee register accuracy control program were continuously assessed/reviewed, the software of the modified logics was provided by the Information Technology Center, and further testing/optimization was carried out.

Construction activities:

Within the framework of the project, during 2024, based on the sharing of practice between foreign and local experts, a plan of measures was refined, within the framework of specific tax risks, several approaches to solving the issue were determined. Based on the analysis, several optimal options/approaches for changing the tax environment and taxpayer behavior were agreed upon.

During 2024, tax control measures (verification-control of the accuracy of declarations) were initiated against high-risk taxpayers from the construction activity population on a permanent basis.

In order to raise tax awareness among taxpayers in the sector, legislative changes were introduced using the taxpayer's electronic page. In order to identify all relevant stakeholders and develop a communication campaign tailored to them, meetings were held with relevant structural units and discussions were held on issues relevant to taxpayers and further measures.

Large Taxpayers:

Within the framework of the project, during 2024, the tax risk module associated with large taxpayers was integrated into the DW (Data Warehouse) environment. The risk modules in the data warehouse were refined. The possibility of implementing a horizontal monitoring approach in practice is being discussed.

The third-level quality control of the activities performed by the Large Taxpayers Office was carried out. Data processing has been completed and the summarization process is underway.

The Information Technology Center is currently developing an electronic case management system.

A methodology for the functionality of services and sectoral analysis activities and a procedure for determining affiliated/related persons and implementing measures against them have been developed. A framework document for collaborative approaches to compliance has been developed for each class of large taxpayers, and the process of establishing collaborative approaches/services is underway.

As a result of consultations, the administration of services, processes and activities related to large taxpayers by other operational departments of the Revenue Service has been partially transferred to the Large Taxpayers Office.

Consultations are ongoing regarding the transfer of the remaining processes and activities.

Special attention was paid to the staffing of the Large Payers Office: the human resources were increased, and relevant trainings were conducted for the further professional development of employees.

The Large Taxpayers Program is being evaluated in active cooperation with the International Monetary Fund, and interim results of the program evaluation have been received.

Experiment using behavioral approaches

As part of the ongoing cooperation between the World Bank and the Revenue Service, the experiment planned within the framework of the program for validating information presented in the context of the declaration has been completed. The analysis of the results of the experiment has also been completed. Based on the analysis of the results of the experiment and the meetings held within the framework of the expert missions, assistance in new directions has been planned. The first remote meeting between World Bank experts and Revenue Service employees was held.

The project deadlines and activities were reviewed within the framework of the meeting between the World Bank and the Revenue Service. Accordingly, the project is planned to be renewed from 2025.

Pre-Filing of Tax Declaration Mechanism

The pre-filing mechanism involves the tax authority independently determining the taxpayer's tax liability based on information received from third parties and other objective data in the tax administration database, which will be of a recommendatory nature in some cases, and mandatory in others. The taxpayer will have the opportunity to familiarize himself with the data of the declaration pre-filed by the tax authority, with which he will either agree or present an amended declaration with his own views and appropriate arguments.

The target population of the project at this stage is the income tax declaration for individuals with small business status who are not registered as VAT payers.

During 2024, within the framework of the project, the main principles necessary for the preliminary filling of the income tax declaration of small businesses were established, information sources were determined, information available in the tax administration system of the Revenue Service and information received from third parties was analyzed and possible use was determined through modeling, a sample of the updated form of the small business declaration was developed, a methodology was developed, legislative amendments were prepared and implemented, technical documentation was prepared and software was provided.

As a result of the project implementation, a mechanism for automatically pre-filing small business income tax returns has been implemented and is functioning in a real environment.

Automating reporting of data on key performance indicators (KPI) of the Revenue Service

The project aims to automatically generate statistical information required for periodic reporting in the form of BI reports, although its use is not limited to this.

During 2024, within the framework of the project, based on identified needs, dashboards have been added to the local

environment, namely: legal form of taxpayer registration, activity status, preferential taxation regime, restrictive regime, type of activity, VAT registration and other characteristics.

2.2 Support and development of the data warehouse

Responsible body: Revenue Service

Performance indicator:

- ✓ at least 4 modules and/or groups of reports have been created/added to the database, data from at least two new sources have been integrated;
- ✓ Data storage security risks are identified.

Period: January- December

Progress: The goal of the Revenue Service is to increase the capabilities of the data warehouse, implement advanced analytics, and create reports and modules in the reporting and visualization environment that meet the goals of the service.

During 2024, within the framework of the project, the following changes or additions were made to the data warehouse support and development:

- In the direction of tax risk modules - 3 modules
- In the direction of reporting and visualization environment of data processing and analysis system - 9 reports

Additionally, 11 tables have been integrated into the data warehouse

Changed/modified according to business requirements: 6 reports

To determine the security risks of the data warehouse, data warehouse asset description forms have been written by category. After adopting the methodology developed by the service (which will be determined in 2025), data warehouse risks will be assessed and appropriate scenarios will be written.

2.3 Determination of the rating of the taxpayer's conduct

Responsible body: Revenue Service

Performance indicator:

- ✓ Feedback from taxpayers has been implemented in the conduct rating module;
- ✓ For the conduct rating module, new indicator criterion(s) are identified, current criteria are evaluated and analyzed;
- ✓ Conduct ratings are available for the target population.

Period: January- December

Progress: The tax behavior rating is based on the taxpayer's discipline in fulfilling their tax obligations, which is assessed

by the tax authority based on the taxpayer's actual, unmistakable actions.

When assessing the taxpayer's compliance with their obligations (at the initial stage), the tax authority will use 4 main indicators with criteria that, if met or not, will result in a rating for the taxpayer. This rating will reflect the tax authority's view of certain actions of the taxpayer.

The target population of the behavior rating, at this stage, is represented by non-state VAT payers of medium size category, in the form of ownership.

During 2024, within the framework of the project, new criteria for the behavior rating module were identified, existing criteria were edited, the logic of the mentioned criteria was developed, software was provided, the behavior rating was included in the target population (March 2024), and a feedback module was integrated into the behavior rating tab on the RS portal, through which taxpayers were given the opportunity to express their opinion regarding the behavior rating. As a result of the analysis of the feedback received, new criteria were added.

As a result of the project, the taxpayer is assigned a behavior rating every month and it is integrated into the RS.ge portal. The taxpayer is provided with detailed information about the fulfillment of general obligations and the current situation. This product is fully included in the target population. Identification of new criteria, editing and integration of existing criteria is a constant process. Due to the high interest in this product, it is planned to further expand the population.

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

Responsible body: Revenue Service

Performance indicator:

- ✓ An updated concept of the entity liquidation/reorganization business process has been developed;
- ✓ The necessary legislative changes are identified and 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

Progress: The modernization of processes provides for the automatic management of the processes of dissolution (liquidation), cancellation of tax registration of a taxpayer and reorganization.

During 2024, within the framework of the project, a business process concept was developed and coordinated with all necessary structural units. Forms of liquidation declarations/information and information to be submitted during dissolution were developed and sent to the Methodology Department for approval.

The legislative framework was studied and a certain part of the documents for initiating the necessary changes were developed. The main tax obligations of the entity in the process of dissolution were determined and by Order N217 of June 26, 2024, the corresponding amendment was made to Order N996 on tax administration.

The structural units of the Revenue Service involved in the project were identified and the process management for each structural unit was described based on their functions and responsibilities.

The identification of existing and potential risks in the processes of dissolution (liquidation)/reorganization and cancellation of tax registration has been completed. At this stage, work is underway to develop the logic of risk criteria/indicators.

The third parties necessary for the project have been identified and the information to be sent/received to them has been determined. Within the framework of the above, negotiations were held with representatives of the Public Registry on a bilateral agreement on automatic exchange of information.

Within the framework of the project, the development of logics for the creation of an electronic task management system for the process of liquidation/tax registration cancellation and reorganization of entities is underway, this requires an agreement with a third party (the National Agency of Public Registry) in order to take into account the information received.

During the implementation of the project, the need to create a liquidation environment on the Revenue Service website for taxpayers in the process of dissolution (liquidation) was identified. The information to be placed in this environment is being determined.

The implementation of the measures envisaged by the project and the progress of the process are fully dependent on the information exchanged automatically by a third party (Public Registry) and its technical support.

2.5 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);

Period: January- December

Progress: As a result of the modernization of tax documents, electronic invoices will be recorded in the invoice itself, which will prevent double counting. In addition, a “payment document” will be introduced for non-VAT payers and only services rendered will be charged.

During 2024, within the framework of the project, a technical support manual was developed, relevant legislative amendments were prepared, a software module was created, and information meetings were held with taxpayers.

As a result of the project implementation, the advance payment amount is included in the final invoice, while non-VAT payers have the opportunity to issue a tax document only in the case of services rendered, and those persons who were issuing tax documents before the mentioned change have their ability to issue a tax document restricted.

2.6 Improving procedures for tax registration of non-citizens and dual citizens of Georgia and for payment of money to the state budget of Georgia

Responsible body: Revenue Service

Performance indicator:

- ✓ In order to receive information from a third party, a memorandum of cooperation has been signed with at least 1 agency;
- ✓ When registering a person, information is exchanged with at least 1 agency automatically;
- ✓ Negotiations with commercial banks have been completed and the payment procedure for the unified treasury code has been updated.

Period: January- December

Progress: By improving the procedures, it will be possible to minimize cases of duplicate registration and avoid "unknown" amounts paid to the budget. When registering a person, data on registered/registered persons in the databases of the Revenue Service and the National Agency of Public Registry will be verified. Payment will be made according to a standard agreed in advance with banks, and when paying to the state budget, the person will be identified. It will be possible to link the amount paid to the budget and the payer's data.

Within the framework of the measures implemented in 2024, the current needs were discussed at a meeting with the National Agency of Public Registry regarding the tax registration component. The meeting highlighted the low priority of the issue and the lack of resources on the part of the National Agency of Public Registry. The project action plan was adjusted taking into account the current situation.

In order to improve the procedures for paying money to the state budget of Georgia, negotiations were held with commercial banks with the participation of the National Bank of Georgia in 2024. Within the framework of the meetings, existing problematic issues were discussed and possible solutions were sought. Legal and technical issues were discussed, the resolution of which will significantly simplify the existing procedure for paying using the unified treasury code.

An agreement has been reached with commercial banks and the banks will integrate the identification code verification service into their systems. By mandatorily indicating the identification code when making payments to the unified treasury code and verifying personal data, existing payments will be significantly improved and "unknown" transfers to the budget will be minimized. The implementation of technical work depends entirely on the involvement of commercial banks.

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

3.1 Modernization of customs risk management system

Responsible body: Revenue Service

Performance indicator:

- ✓ The shortcomings of applications integrated in the risk management system have been eliminated;
- ✓ The risk management system is functioning in working mode

Period: January- December

Progress: The application of the analytical platform "Elastic & Cibana" integrated into the customs risk management system allows the processing of large volumes of information in different perspectives and according to various parameters, e.g. by years, corridors, customs, commodity operations, etc. In addition, it has a well-understandable visualization and allows you to find the necessary information in a short time.

As part of the modernization of the customs risk management system, an analytical platform was installed with the assistance of the US Department of State, EXBS program, and NU BORDERS. The Customs Risk Management Division employees (10 employees) were given access to the "Elastic & Cibana" analytical platform.

The analysts of the Customs Risk Management Division underwent training conducted by NU BORDERS using a test database. In order to improve the professional skills necessary for working in the system, an additional training course was conducted by the Georgian company - "Edutech".

The issues of transferring the data available in the mentioned platform have been completed by the Information Technology Center and the system is functioning in a real environment. In terms of processing large databases and statistical information, the analysis system is used by the analysts of the Customs Risk Management Division in their daily work process. In addition, periodic monitoring of the processed data is carried out.

3.2 Implementation of customs information exchange system

Responsible body: Revenue Service

Performance indicator:

- ✓ A technical document has been signed between Georgia, Azerbaijan and Turkey, and information exchange is being carried out in a test mode;
- ✓ The technical document between Georgia and Turkey has been signed and the exchange of information is carried out in a test mode;

Period: January- December

Progress: In order to implement a customs information exchange system between Georgia, Azerbaijan and Turkey, in 2024, within the framework of the project, a trilateral technical document was studied, work on the system integration component between Georgia and Turkey was completed, and development work on the service installation continues.

Due to the delay in the implementation of technical work by the Turkish side, the project implementation deadlines were adjusted and the project completion deadline was postponed to 2025.

In order to implement a system for exchanging information on customs value of goods moved between Georgia and Turkey, in 2024, within the framework of the project, a bilateral technical document was studied, work on the system integration component between Georgia and Turkey was completed, and service installation work continues.

Due to the delay in the implementation of technical works by the Turkish side, the project implementation deadlines were adjusted and the project completion deadline was postponed to 2025.

3.3 Implementation of the eTIR system

Responsible body: Revenue Service

Performance indicator:

- ✓ The software module for authorization of the eTIR procedure holder is launched in working mode;
- ✓ eTIR software module is developed;
- ✓ The eTIR software module is running in test mode **Period:** January- December

Progress: eTIR is a guaranteed transport with a TIR document. This implies the digitalization of the TIR document and the movement of cargo with a single guarantee in the countries that are members of the Convention.

In this direction, an amendment was made to the Order No. 257 of the Minister of Finance of Georgia, in order to determine the criteria for admission / cancellation / suspension of a person to the TIR procedure.

At the beginning of the year, the process was underway to create a software module for managing authorizations of persons admitted / permitted to the TIR procedure. At this stage, work is underway to create a platform.

4. Improving the tax debt management system

4.1 Implementation of the measures envisaged by the 2022-2024 debt management strategy

Responsible body: Revenue Service

Performance indicator:

- ✓ A tax treaty task management program has been implemented;
- ✓ Expertise Division task management software has been implemented for Debt Management, Audit, Tax Monitoring and Finance Departments;
- ✓ A program for identifying and administering companies founded by founders of enterprises with temporary uncollectible debts has been developed;
- ✓ The main performance indicators of the 2022-2024 debt management strategy have been achieved.

Period: January- December

Progress: Within the framework of the tax debt management reform, the project will create a software task management

system in the areas of tax agreements and commodity expertise.

By implementing **tax agreement software**, it will be possible to automate the processes related to the conclusion of an agreement, including the registration of agreement applications, automatic processing of information about the taxpayer, electronic execution of the agreement act, generation of orders related to the implementation/violation of the agreement, software control of the implementation and deadlines of the agreement, and the reflection of the amounts provided for by the agreement on the taxpayer's personal registration card.

With the implementation of **the commodity expertise software module**, it will be possible to receive evaluation-related tasks from the electronic task management module, process them in detail, and respond to the task electronically. In this software module, it will be possible to receive tasks from the electronic task management module of the Debt Management Department, Audit Department, Tax Monitoring Department, and the Finance Department.

During 2024, in the direction of tax agreement software, the requirements described in the technical document of the software for the electronic system for managing tax agreement tasks were clarified, the software was implemented by the Information Technology Center and further testing/optimization.

As a result of the project, the processes of tax agreements became automated.

During 2024, in the direction of commodity expertise software, a technical document for the software for the commodity expertise module was prepared. At this stage, the software is being implemented by the Information Technology Center.

The development of a program for identifying and administering companies established by founders of enterprises with temporarily uncollectible debts includes the creation of modules in two directions: for the purpose of programmatically identifying those persons who may be assigned the status of temporarily uncollectible debts and for identifying the circle of legal entities and individuals directly related to taxpayers with the status of “temporarily uncollectible debts”.

To prevent the emergence/growth of recognized tax debts, it is important not only to study the behavior of a specific taxpayer, but also to analyze the behavior of a person related to him and monitor his behavior by establishing special preventive measures. Within the framework of the project, appropriate criteria are being developed, through which the circle of taxpayers with the status of “temporarily uncollectible debts” and their related persons will be programmatically determined, their behavior analyzed, and preventive approaches developed.

During 2024, within the framework of the project, the preparation of a technical document for the creation of a software module was carried out in both directions. At this stage, the software is being implemented by the Information Technology Center. Due to the complexity of the project and the complexity of the logical processes, the project implementation deadlines have been adjusted. Accordingly, further testing/optimization of the software will be carried out in 2025.

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

5.1 Development of feedback system

Responsible body: Revenue Service

Performance indicator:

- ✓ A feedback system has been implemented for the debt management department;
- ✓ A feedback system has been implemented for the tax monitoring department;
- ✓ A feedback system has been implemented for the electronic statements of the Revenue Service.

Period: January- December

Progress: The implementation of a feedback system involves receiving customer evaluations and recommendations regarding the service or information they have received. Through this project, the service will have the opportunity to ensure customer involvement in the service development process and improve the quality of the services offered by the service.

During 2024, the project studied the existing procedures of the Debt Management Department and electronic statements, identified areas where communication is established between the Revenue Service and the user, selected an effective method for receiving feedback, selected a group responsible for correcting the feedback-based deficiencies, took into account the recommendations received through feedback in the work process, prepared a technical task, and created a feedback system software module.

As a result of the project completion, a feedback system for electronic statements of the Debt Management Department and the Revenue Service has been implemented. As for the third direction of the project, the implementation of a feedback system for the Tax Monitoring Department, it will be implemented within the framework of the “Implementation of Outgoing Telephone Calls” project.

5.2 Development of mechanisms to optimize service business processes and increase availability

Responsible body: Revenue Service

Performance indicator:

- ✓ User manuals/video guides for 60% of services have been developed;
- ✓ Service delivery manuals and business process maps have been developed for 60% of services.

Period: January- December

Progress: The work on the services to be considered in 2024 has been completed. Service delivery and consumption guidelines to be developed during 2024 have been developed for 272 services:

In particular:

Implemented activity	Number of services
User manual	70 services
Delivery guide	48 services
BPMN	57 services

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

Responsible body: Revenue Service

Performance indicator:

- ✓ The new structure of the authorized user page is developed, the new design is prepared and tested with interested parties;
- ✓ Implementation of the new structure and design changes to the authorized user page by the Information Technology Center has begun.

Period: January- December

Progress: During 2024, based on the analysis of feedback received from stakeholders (internal and external users) and individual analysis, changes and updates to be implemented in the authorized user page were identified, a new structure of the authorized user page was developed, a new design was prepared, and testing of the new prototype of the authorized user page in test mode was completed. In order to provide software for the changes, tasks were assigned to the Information Technology Center.

Within the framework of the project, out of a total of more than 160 requests sent to the Information Technology Center for the purpose of making changes to various modules or electronic forms, 70% have been fulfilled.

For the Information Technology Center, within the framework of the project, technical tasks submitted were recorded on a google sheets form. The aim is to inform the involved parties in real time, as well as to monitor the tasks submitted to the Information Technology Center.

At this stage, in parallel with the technical work at the Information Technology Center, management manuals for electronic forms and modules located on the authorized user page and information events regarding the changes made are being prepared.

Within the framework of the project, the needs for changes related to the employee's authorized user page, eservices.rs.ge/emp, are also being identified.

It is worth noting that the project to change the structure and design of the authorized user page includes greater adaptation to the needs of persons with disabilities. In this regard, as a result of the analysis of the identified changes to be implemented, a new prototype was developed in 2024.

In 2024, within the framework of the project, the following were also prepared: changes to the structural and functional arrangement of the menus and dashboard of eservices.rs.ge, changes to the updated structure and design of the VAT

Portal (foreign taxable person portal), and a document of changes, which were transferred to the Information Technology Center for software support.

Due to the diversity and large number of users of the authorized user page, it is important to implement changes gradually and consistently so that interested parties can easily adapt to the changes made.

5.4 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 all partner 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

Progress: In 2024, the activities defined by the first stage of the project were underway and completed, within the framework of which the logic of the automatic refund service for persons benefiting from the benefit was developed. The needs for relevant legislative amendments were discussed and a draft was prepared on amendments to the Order of the Minister of Finance of Georgia No. 996 of December 31, 2010 “On Tax Administration”.

Active communication was ongoing with third parties. In order to obtain information, draft memoranda and annexes were prepared and sent to the relevant parties. The negotiation process was ongoing with 2 partner agencies, the Agency for Regulation of Medical and Pharmaceutical Activities and the State Service for Veterans Affairs. Their feedback was received.

Based on the information received, the legal basis will be developed and the negotiation process will continue from 2025. Also, in order to receive data from third parties, memorandums of understanding will be sent to 3 more agencies:

1. The Ministry of Defence of Georgia;
2. Public Service Development Agency;
3. The Agency for State Care and Assistance for the (Statutory) Victims for Human Trafficking.

Due to the scale of the project, the processes will continue in 2025 with updated activities and performance indicators.

5.5 Technical retooling of the telephone center of the Consulting and Information Division

Responsible body: Revenue Service

Performance indicator:

- ✓ The existing Avaya system in the call center has been replaced by Asterix;
- ✓ The necessary technical equipment for making the call has been purchased;
- ✓ The software is updated.

Period: January- December

Progress: During 2024, within the framework of the project, a legal analysis was carried out and, based on the amendments, the authority of the person receiving the call was determined in the relevant normative acts, the communication standard was established, the payer's feedback rule was determined, and an outgoing call evaluation system was established. In order to receive and implement the "Asterix" program from the Public Safety Management Center (112), the relevant server was purchased and a technical task document was prepared to add new functionality for outgoing telephone calls to the "Asterix" program, integrate existing software modules in the GCC, and create a feedback system for outgoing telephone calls. Also, a document on the relevant amendments to be made to legal documents was developed and the software was implemented by the Information Technology Center.

As a result of the project implementation, the infrastructure necessary for the technical process of the outgoing telephone call system has been purchased, installed and maintained. The software modules (electronic task management systems) existing in the GSS have been integrated into the system. By order No. 22092 of the Head of the Revenue Service of October 10, 2024, the "Communication Standard for Revenue Service Employees" was approved. Also, amendments to the order No. 996 of the Minister of Finance of Georgia of December 31, 2010 "On Tax Administration" were approved.

Further testing/optimization of the software and employee retraining will be carried out in 2025.

6. Information technology systems improvement

6.1 Modernization of the Tax Administration Information System (TAS) of the Revenue Service

Responsible body: Revenue Service

Performance indicator:

- ✓ 30% of the priority modules of the Tax Administration Information System (TAS) have been transferred to the new system.

Period: January- December

Progress: During 2024, within the framework of the project, at the initial stage, several technical possibilities for its implementation and existing practices and experiences on the world market were studied, as well as various programming tools were tested, piloted, tested and observed to identify the best directions. As a result, a decision was made to divide the project into two parts and to pursue it in two directions:

One direction was chosen to upgrade the GASS version to version 12C, which serves for more immediate response and immediate elimination of threats to the continuity of business processes;

The second direction was chosen to thoroughly rework the GASS modules, which includes redevelopment and conversion to web technology. This direction is oriented towards a much longer perspective.

As a result of the project implementation, at this stage, the existing version of the GASS has been rewritten to the 12C version and 130 forms selected for a specific structural unit have been compiled (by the developer), the initial launch of which is planned for a number of eGEZ employees. Subsequently, it is planned to gradually include various structural units in this process. Since at this stage, technical re-equipment is underway in the Financial-Analytical Service and the Revenue Service of the Ministry of Finance, the testing process of the above-mentioned 130 forms has been temporarily suspended and will be resumed upon completion of the aforementioned technical re-equipment.

In addition, work was underway during the year to rewrite frequently used modules to web technology, including: the back-end and front-end architecture has been defined, the main components have been developed, the design of the components to be used has been created, and the functionality has been defined. Development and production environments have also been created. The system's authorization page, password recovery page, initial registration page, personal information viewing and editing page, and the central page of the system have been created. The functionality for selecting, prioritizing, and arranging the desired configuration on the screen has been created. Work is underway on the software for the payer's file and the "back" page of the statements. In agreement with the management, these two modules will be launched on the new web platform in March 2025.

6.2 Implementation of IT project management methodology in the information technology center

Responsible body: Revenue Service

Performance indicator:

- ✓ Training of project managers in IT project management methodology has been carried out and ongoing projects have been distributed among project managers;
- ✓ JIRA software is adapted to IT project management methodology;
- ✓ IT project management methodology has been implemented in the information technology center.

Period: January- December

Progress: Within the framework of the project during 2024 - a unified methodology and manual for project management were developed at the Information Technology Center, IT project managers were retrained in the new methodology, projects were distributed among project managers, instructions for using JIRA were developed, which are in accordance with the project management methodology. As a result of the project implementation, IT project management is

operating in a pilot mode in accordance with the new methodology.

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;
- ✓ Security tools are implemented;
- ✓ The recommendations issued by the evaluators of the data security and privacy component for the automatic exchange of tax information project have been implemented and the automatic exchange of data has started.

Period: January- December

Progress: During 2024, within the framework of the project, in order to improve compliance with the main requirements of the Law of Georgia on Information Security:

The following information security documents were approved:

Information Assets Description Methodology,

Information Assets Classification Methodology,

Mobile and Portable Devices Management and Security Procedure,

Organizational Context of the Revenue Service.

According to the new methodologies for the description and classification of information assets, the information assets register was updated and the aforementioned assets were classified according to their criticality.

Drafts of new information security documents have been developed:

Human Resources Security Management Process,

Internal Audit Procedure,

Clean Desk and Screen Policy.

A basic course and exam to raise employee awareness on key issues of information security and cybersecurity are underway.

Work has begun on implementing the recommendations issued by the World Bank Assessment Mission.

The aforementioned project has been extended until the end of 2025, taking into account the amendments made to the Order No. 35 of December 21, 2021 of the Head of the Operational-Technical Agency of the State Security Service of Georgia, LEPL-Georgian, on "Establishing Minimum Information Security Requirements for Subjects of Critical Information Systems of the First and Second Categories".

7.2 Implementation of data loss prevention solution

Responsible body: Revenue Service

Performance indicator:

- ✓ The implementation of the data loss prevention decision was successfully implemented;
- ✓ Data monitoring in the system has been started.

Period: January- March

Progress: During 2024, within the framework of the project, the implementation of a data loss prevention solution was successfully implemented. In order to avoid disruptions to business processes, at the first stage, the tool was configured with the function of sending warning messages, without imposing strict restrictions, and the received data was monitored in test mode.

The project was completed within the specified time frame, the tool was successfully implemented. Given the specificity and complexity of the tool, in order to be able to fully use its functionality and transition to a phased restriction regime, a search for an employee with the appropriate qualifications is underway. In case of extension of the tool license, the project will become part of daily operations, managed by a computer security specialist.

8. Development of organizational risk management system

8.1 Implementation of operational risks system

Responsible body: Revenue Service

Performance indicator:

- ✓ The register of operational risks of at least 5 departments of the service has been developed.

Period: January- December

Progress: In 2024, the operational risk register form was updated. In this form, the operational risk registers of the Human Resources Management and Development Department, the Information Technology Center, the Public Relations and Marketing Department, the Legal Department, and the International Relations Department were updated and

approved.

The operational risk registers of the Disputes Department, the Methodology Department, the Service Monitoring Department, the Finance Department, the Service Department, and the Debt Management Department were developed.

9. Support of integration processes with the European Union

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

Responsible body: Revenue Service

Performance indicator:

- ✓ In order to operate the transit system at the international level, the relevant legislative/bylaws of the common transit convention have been developed;
- ✓ At least 50 employees of the customs department have been trained;
- ✓ Awareness-raising measures have been implemented with persons involved in international trade;
- ✓ The transit system is used with at least one contracting party to the CTC Convention;
- ✓ Georgia has joined the Conventions on "Common Transit Procedures" (Common Transit Convention / CTC) and "Simplification of Formalities in Trade in Goods" (Single Administrative Document / SAD);
- ✓ The transit application has been implemented at the international level.

Period: January- December

Progress: During 2024, within the framework of the project, the procedure for accession to the Conventions on Common Transit Procedures (CTC) and on the Simplification of Formalities in Trade in Goods (Single Administrative Document / SAD) was completed. Also, 3 phases of system compliance testing were completed, which involves the exchange of information on transit declarations between the Convention member countries (Georgia, Turkey, Bulgaria, the Czech Republic and Austria) pre-selected by the European Commission. In October 2024, in order to accede to the Convention, Georgia received an invitation and the instrument of accession was sent to the depositary of the Convention (Council of Europe). Meetings were held with banks and insurance companies.

Within the framework of the monitoring missions carried out:

A positive recommendation has been issued on the country's readiness to join the CTC Convention and to use the New Computerized Transit System (NCTS) at the international level;

A positive recommendation has been issued to invite Georgia to become a member of the Convention.

As a result of the project implementation, accession to the Convention will enter into force on February 1, 2025.

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 7 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

Progress: As of 2024, 10 activities were carried out within the framework of the tax program. Among them:

A representative of the Audit Department of the Revenue Service participated in the workshop on “International Controlled Operations (Transfer Pricing) and Financial Transactions” held in Madrid, Spain;

A working visit was carried out to the Austrian tax authority with the involvement of various structural units of the Revenue Service: to share the experience of Austrian colleagues on BEPS, tax audits of the financial sector and other issues;

A working visit was carried out to the Lithuanian tax authority with the involvement of various structural units of the Revenue Service: to share the experience of Lithuanian colleagues on CRS;

Participation in the ITTI – IT Technologies and Infrastructure Working Group Meeting;

Working visit to the Moldovan tax authority, which was carried out within the framework of the CRS, in order to share the experience of Swedish and Moldovan colleagues;

Participation in the working group, within the framework of the EU Small and Medium-sized Enterprise (SME) VAT scheme, in Hungary;

Working visit to Estonia to share experience in the field of service development methodology;

Participation in the working group on the EU VAT scheme for small and medium-sized enterprises (SMEs) in Poland;

Working visit to Hungary to share experience on information security;

Working visit to Poland to share experience on international assistance for tax debt recovery;

The grant received under the EU Customs Programme 2021-2027 financed 4 events aimed at sharing EU experience in the field of customs, supporting the final monitoring mission of the European Commission's Directorate-General for Taxation and Customs Union on issues related to the management of the customs programme and NCTS.

V - 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: Improvement of analytical products for economic activity, improved forecasting, introduction of the results gained by the macroeconomic analysis, centralized system of data analysis.

Period: January- December

Progress: The analysis of the turnover of VAT-paying enterprises by sector continues. Also, as a result of the analysis of operational customs data, foreign trade trends are being assessed. The data processing system is being improved in order to receive and process information promptly. The forecasted monthly inflation rate is being estimated and the reasons for deviations from the actual are being analyzed in order to refine the forecast. A semi-structural macroeconomic model (QPM) was created for quarterly forecasting, it was adjusted to Georgian data, and the forecasting ability of the model and the interpretation of shocks were improved. Further refinement and expansion of the model are ongoing.

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: Both monthly and quarterly reviews are published on the Ministry's website. The analysis of economic trends continues to be improved and refined using various analytical and visual indicators. Monthly analysis of remittances and quarterly analysis of tourism are carried out and the main trends are identified. International trade is also analyzed monthly. Analytical information is being prepared, which is tailored to individual interest groups, including credit rating agencies and investors.

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: During the mentioned period, a report on the assessment of the impact of tax expenditures was published on the website of the Ministry. This year, work on the research publication "Estimation of the Potential Level of Gross Domestic Product" began and is still ongoing. In addition, a subsection on the structural budget has been added to the "Main Macroeconomic and Fiscal Parameters" document of the budget and it is planned to publish this work as a research publication. The refinement of the semi-structural macroeconomic model (QPM) for the purpose of assessing economic indicators continues and it is also planned to publish it after completion.

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: A semi-structural macroeconomic model (QPM) has been developed, where the interpretation of shocks has been improved, which allows for the compilation and analysis of various shocks and scenarios of the economy, as well as a better interpretation of their possible consequences. Various so-called satellite models have been developed, which determine the interrelationships of various variables and the magnitude of shocks. The analysis of expected risks to the budget and the use of the corresponding “Heatmap” continue.

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: In the current period, stress test analysis was carried out using both the DSGE model and the QPM model and reflects the possible macroeconomic impacts of changes in various factors affecting the economy.

1.6 Creation of medium-term fiscal policy and creation of respective recommendations

Responsible body: Department of Macroeconomic Analysis and Fiscal Policy Planning

Performance indicator: Medium Fiscal Policy Document, Medium Term Revenue Strategy (MTRS) development, Economic Reform Programs (ERP) document preparation

Period: January - December

Progress: During the current period, work was underway with the Tax and Customs Policy Department and the Revenue Service to develop and refine the Medium-Term Revenue Strategic Vision (MTRS), which was launched within the framework of the technical support of the International Monetary Fund (IMF). The mentioned document is published on the website of the Ministry of Finance. In addition, the Georgian version of the Economic Reform Programs (ERP) 2025-2027 document was prepared, which serves as the basis for the English version of the document sent to the European Commission on January 15, 2025. The document includes both actual indicators and the main indicators and directions of the country's medium-term policy. The analysis of macroeconomic scenarios, as well as macroeconomic policy objectives and a document comparing macroeconomic forecasts were updated for the 2025 budget draft law. The mentioned documents were published on the website of the Ministry of Finance.

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: Macroeconomic forecasts were developed for the submission of the draft budget law.

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: Final version of strategy

Period: January- December

Progress: Active communication continues with international rating companies, such as Fitch, Moody's and S&P. During the current year, face-to-face meetings were held with rating companies, within the framework of which the necessary information was exchanged and Georgia's sovereign rating was updated. In addition to the period specified in the calendar, active communication continues with representatives of rating companies in electronic form and by telephone, in order to constantly inform them about the main economic trends in Georgia. As of the end of the current period, Georgia's sovereign ratings are as follows: Fitch BB negative, S&P BB stable, Moody's Ba2 stable

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: The tax expenditure assessment report, which was updated with data for 2023, was updated according to the methods used in the tax expenditure assessment analysis document developed by the department and was included with the budget law. In addition, it is planned to further increase and expand the area for assessing tax expenditure.

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: The assessment of the elasticity coefficients of both total tax revenues and individual taxes (including VAT, excise, customs, income, profit and property taxes) to gross domestic product continues, both for the short and long term.

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: Public finance accounting is being refined and brought into line with international standards every year. The information is published on the website of the Ministry of Finance of Georgia on an annual, quarterly and monthly basis. Also, the Ministry's website has started publishing updated data using the GFSM 2014 methodology. In addition, the Ministry of Finance prepares analytical data on economic and financial indicators, which are published together with draft laws/laws of the state budget. In addition, the publication of balance sheet operations of the government sector and central government subsectors continues from 2019 onwards.

VI – Fiscal Risks

1.1 Development of a comprehensive legal framework for state enterprises

Responsible body: Fiscal Risk Management Department

Performance indicator: The Ministry of Finance of Georgia, with the support of partner international organizations, developed and adopted the 2023-2026 strategy for the comprehensive reform of state-owned enterprises of Georgia by Resolution No. 573 of December 14, 2022 of the Government of Georgia. The development of the draft Law on State Corporations/State Enterprises and related by-laws is a consequence of the mentioned strategy. In 2024, it will be presented to the Parliament of Georgia as a legislative initiative.

Period: January - December

Progress: A conceptual model of the Law on State Enterprises has been developed.

1.2 Piloting the role of the shareholder of state enterprises in the Ministry of Finance of Georgia

Responsible body: Fiscal Risk Management Department

Performance indicator: Management of 50% share of pilot enterprises. Fulfilling the role of a shareholder in accordance with the legislation of Georgia. Identifying and eliminating deficiencies in corporate management.

Period: January - December

Progress: By Decree No. 475 of the Government of Georgia of March 10, 2023, the dualistic model of state-owned enterprise ownership is being piloted in following companies: JSC Georgian Railways, LLC Georgian Airports Union, and LLC Georgian Gas Transportation Company.

1.3 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 2024 state budget project. The document will at least maintain the 2023 standard. In addition, the direction of long-term fiscal risk analysis will be improved.

Period: July - December

Progress: A fiscal risk analysis document has been attached to the draft law on the State Budget of Georgia for 2025. The document includes a review of the financial results of state-owned enterprises in 2023, a sensitivity analysis for 5 selected important state-owned enterprises, information on public-private partnership projects, including an analysis of fiscal risks arising from the energy sector, and the impact of climate change on the financial performance of state-owned enterprises. The document also includes updated information on risks arising from litigation and funds allocated by the state to enforce litigation.

In addition, the Ministry of Finance prepared an assessment of long-term fiscal risks based on various assumptions and presented mitigation measures as recommendations. Risks related to demographic changes were assessed in correlation with healthcare and pension expenditures, while specific fiscal risks arising from climate change, along with the increasing severity of the scenarios, were assessed in terms of their impact on public finances.

The aggregated report of state-owned enterprises on fiscal risks is published on the website of the Ministry of Finance of Georgia.

1.4 Financial supervision of state enterprises

Responsible body: Fiscal Risk 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: October - December

Progress: State-owned enterprises, in accordance with the Decree No. 1012 of the Government of Georgia of June 10, 2022, and taking into account the established deadline, submitted corporate intent statements for 2025 and draft business plans for

2025 to the Ministry of Finance for approval. Within the framework of the authority granted by the Government Decree, the Ministry issued recommendations on further refinement of the statements and consultations were held regarding the scope of budgetary parameters.

VII - Development of Public Internal Control System

1.1 Development of financial management and control system

Responsible Body: Harmonization Center

Performance indicator:

1. The 2025-2028 strategy for the development of the state internal financial control system and the 2025-2026 action plan have been developed and submitted to the Government of Georgia.
2. A consolidated annual report on the development of the state internal financial control system was developed and submitted to the Government of Georgia.
3. Risk management policy documents have been developed in all central ministries.
4. All central ministries have signed an agreement on the provision of services within the framework of the budget program with at least one subordinate budget organization.

Period: January - December

Progress: With the support of the United Nations Development Program, drafts of the Strategy for the Development of the State Internal Financial Control System for 2025-2028 and the Action Plan for 2025-2026 were developed, which will be submitted to the Government of Georgia for approval in the first quarter of 2025.

The Government of Georgia approved (Decree #852 of June 13, 2024) the Consolidated Annual Report on the Development of the State Internal Financial Control System for 2023;

Risk management policy documents have been developed in the Ministry of Defense, the Ministry of Finance, and the Ministry of Environment and Agriculture. Work in this direction is underway in other ministries. To support the process of developing risk management policy documents, the Harmonization Center has developed a sample risk management policy document that complies with the standards;

Under the coordination of the Harmonization Center, 10 central ministries (Ministry of Finance; Ministry of Culture and Sports; Ministry of Defense; Ministry of Regional Development and Infrastructure; Ministry of IDPs from the Occupied Territories, Labor, Health and Social Protection; Ministry of Education, Science and Youth; Ministry of Environment and Agriculture; Ministry of Foreign Affairs; Ministry of Justice; Ministry of Internal Affairs) have signed agreements on the provision of services within the framework of the budget program with subordinate budgetary organizations.

1.2 Development of internal audit

Responsible body: Harmonization Center

Performance indicator

1. At least 20 internal auditors have been trained within the national certification program of internal auditors.
2. 2 information technology (IT) audit pilot projects have been implemented.
3. 2 efficiency audit pilot projects have been implemented.

Period: January - December

Progress: Within the framework of the Internal Auditor Certification Program, in cooperation with OECD/SIGMA, with the support of the GIZ Local Government Program and the USAID Public Governance and Local Government Programs, 30 internal auditors were trained in all modules within the Internal Auditor Certification Program in 2024. In addition, 20 internal auditors have completed the first two modules (out of four) of the certification program;

With the support of the World Bank (within the framework of the Economic Governance and Fiscal Accountability Program, funded by the European Union), in cooperation with the Turkish and Georgian offices of Ernst and Young, pilot projects on information technology (IT) audits were implemented in the Ministry of Justice of Georgia and the LEPL Revenue Service;

With the support of the World Bank (within the framework of the Economic Governance and Fiscal Accountability Program, funded by the European Union), in cooperation with the Turkish and Georgian offices of Ernst and Young, pilot performance audit projects were implemented in the following institutions: LEPL Social Service Agency; LEPL National Food Agency; LEPL David Agmashenebeli Georgian National Defense Academy; Tsalenjikha Municipality City Hall.

VIII - 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 website of the service;

2022 and 2023 reports of more than 70,000 enterprises made public through the report submission tab (Reportal.ge | SARAS) on the service portal (Reportal.ge);

Period: January-December

Progress of I-IV quarters of 2024:

- The Service held online information meetings for Category III and IV enterprises on March 14 and April 25. The purpose of the meeting was to simplify the reporting process for accountable entities by discussing and issuing recommendations that will be important and valuable for the preparation of quality reports and will contribute to the dynamics of timely submission. At the event, representatives of the Service spoke about the importance and process of timely submission of reports, common errors, and other relevant issues related to the submission process;
<https://www.saras.gov.ge/ka/News/Detail/2690>
<https://www.saras.gov.ge/ka/News/Detail/2700>
- The Service participated in the panel discussion of the National Bank of Georgia and IFC-SBFN Sustainable Finance Forum. The forum discussed the current experience in developing a sustainable finance framework. The participants also discussed the latest developments and challenges in this direction, especially in developing countries. In addition, they spoke about the perspectives of the private sector on the challenges and opportunities related to sustainable finance. In this regard, the participants also shared their future plans and projects with the audience;
<https://www.saras.gov.ge/ka/News/Detail/2689>
- A document developed based on international practice has been published on the Service's website, which represents the following two: a consolidated/updated version of the documents on inconsistencies identified as a result of the review of financial statements and review priorities. The document reflects the main inconsistencies identified by the Service in the process of reviewing the compliance of financial statements for 2021-2022 with IFRS standards selected in 2023 and instructions on ways to eliminate inconsistencies, taking into account which enterprises will be able to submit higher quality financial statements. In addition, it describes the criteria by which the Service will select financial statements submitted and made public by entities for the purpose of their review;
<https://www.saras.gov.ge/ka/News/Detail/2686>
- In July 2024, the Service, in cooperation with Swisscontact and professional organizations, held information meetings for Category III and IV enterprises across Georgia. The goal of the meeting was to simplify the reporting process for accountable entities by discussing and issuing recommendations that will be important and valuable for the preparation of quality reports and will contribute to the dynamics of timely submission. At the meetings, representatives of the Service discussed the importance and process of timely submission of reports, common errors, and other relevant issues related to the submission process. The employees of the Department of Reporting Supervision held meetings in the cities identified as a result of a preliminary survey, Batumi, Zugdidi, Poti, Kutaisi, Sighnaghi and Tbilisi, which were attended by more than 500 representatives of enterprises.
On September 19, the department additionally held the aforementioned event in an online format, which was attended by about 150 representatives of enterprises;
<https://www.saras.gov.ge/ka/News/Detail/2721>
<https://www.saras.gov.ge/ka/News/Detail/2722>
- On November 11, 2024, the Service, in cooperation with IFRS and with the support of the World Bank, held its eighth annual event in an online format, the purpose of which was to provide stakeholders with timely and in-depth information on the latest developments and changes in the field of accounting. The speaker of the meeting was Jianqiao Lu, a member of the International Accounting Standards Board (IASB), who introduced the participants in detail to the changes and innovations related to IFRS standards and the IFRS standard;
<https://www.saras.gov.ge/ka/News/Detail/2728>

- The Service, together with representatives of the World Bank, met with the Georgian Banking Association and the banking sector regarding the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Standards (ESRS) developed by the European Commission. At the meeting, the Service and the World Bank representative introduced the representatives of the Georgian banking sector and the Georgian Banking Association to the general essence and requirements of the Corporate Sustainability Reporting Directive developed by the European Commission. The Service, within the framework of dynamic approximation, plans to continuously cooperate with EU member states and experts to ensure compliance with EU requirements. The implementation of Corporate Sustainability Reporting Standards in Georgia and the achievement of relevant results of the regulatory directive are of paramount importance in this process;
<https://www.saras.gov.ge/ka/News/Detail/2735>
- The Service held an information meeting on the process of reviewing financial statements and frequently identified non-conformities with IFRS standards. The event was intended for stakeholders, auditors and representatives of enterprises that prepare reports in accordance with IFRS and IFRS. The purpose of the meeting was to inform participants about the non-conformities identified as a result of the review of financial statements and the characteristics of quality financial reporting.
<https://www.saras.gov.ge/ka/News/Detail/2736>
- Reminder and informational posts related to the reporting process were distributed to entities through the service's social networks.

In order to implement the translation of international standards, the following activities were carried out:

- The Service annually translates and brings into effect updated editions of International Financial Reporting Standards. The Service has brought into effect the 2024 edition of the Blue Book of International Financial Reporting Standards (IFRSs). The standards translated into Georgian are posted on the Service's website and are available to all interested parties.
<https://www.saras.gov.ge/ka/News/Detail/2697>
- The Service has developed an updated edition of the "Governance Reporting Guide", which is a widely used, recommendatory document, based on the latest international practice and does not create new legal obligations. The Service is currently implementing a dynamic process related to the translation and implementation of the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standard (ESRS). The Guide was developed in cooperation with the International Finance Corporation (IFC), within the framework of the IFC's Europe and Central Asia Environmental, Social and Governance Program, which is implemented in partnership with the Swiss Secretariat for Economic Affairs (SECO).
<https://saras.gov.ge/ka/News/Detail/2724>
- The Service has translated and published the initial draft of the European Sustainability Reporting Standards (ESRS). 12 standards are presented in Georgian, of which 2 are general standards (ESRS 1 and ESRS 2), which concern the general principles of reporting, and 10 are thematic standards, covering environmental, social and governance (ESG) issues. In order to ensure high-quality translation, accuracy, agreement on terms and implementation of the Corporate Sustainability Reporting Standard (ESRS), an expert group was established with the Service, which brings

together members from both the public and private sectors. Within the framework of the work of the committee, the standards translated by the Service were reviewed by specialists in the field and feedback was taken into account as necessary.

<https://www.saras.gov.ge/ka/News/Detail/2750>

- It is also worth noting that the Service, in order to update the existing digital forms for insurers in accordance with the requirements of IFRS 17 standards, in cooperation with the State Insurance Supervision Service of Georgia and leading audit companies, developed an updated draft of digital forms. The Service, within the framework of cooperation with the Analytical Service, fully reflected this draft on the reporting portal and made it available to entities.

<https://www.saras.gov.ge/ka/News/Detail/2696>

- The service also updated the reporting system functionalities, which contribute to the efficiency of the administration process. Among them, it is worth noting the introduction of systemic controls regarding reports submitted by category III enterprises.
- In order to ensure the accuracy, agreement on terminology and implementation of the European Sustainability Reporting Standards (ESRS) with high quality translation, an expert committee was established, which brings together members from both the public and private sectors. Within the framework of the committee's work, the standards translated by the service were reviewed by specialists in the field and editorial corrections were made as necessary.
- The Service translated and implemented the International Quality Management Standard and the International Standards on Auditing, Reviewing, Other Assurance and Related Services, as provided for in the International Reference to Quality Management, Auditing, Reviewing, Other Assurance and Related Services (2022 Edition) adopted and published by the International Auditing and Assurance Board (IAASB). The International Code of Ethics for Professional Accountants (IESBA Code) - 2023 Edition, established by the International Federation of Accountants (IFAC), was also translated and implemented. The standards translated into Georgian were posted on the Service's website and are available to all interested parties.

On the reporting portal (www.reportal.ge), in the I-IV quarter of 2024, based on Article 9, Paragraph 3 of the Law of Georgia "On Accounting, Reporting and Audit", 9,141 reports of 8,984 enterprises of PIEs, first, second, third and fourth categories/relevant groups for the reporting period of 2022 were checked and published - including 17 reports of PIEs, 59 reports of 1st category enterprises/groups, 215 reports of 2nd category enterprises/groups, 714 reports of 3rd category enterprises/groups, and 8,136 reports of 4th category enterprises/groups.

For the reporting period of 2023, 79,286 reports from 78,416 enterprises were published, including 119 reports from PIEs; 254 reports from Category 1 enterprises/groups; 802 reports from Category 2 enterprises/groups; 5,331 reports from Category 3 enterprises/groups; and 72,780 reports from Category 4 enterprises/groups.

In total, 88,427 reports were published in 2024.

Activities carried out to improve the legal framework:

- In order to improve the practice in the field of accounting and reporting (to enforce mandatory norms), the Law of

Georgia "On Amendments to the Law of Georgia "On Accounting, Reporting and Audit" (N4206-XIV06-X03; 29/05/2024; Publication source, date: www.matsne.gov.ge - 14/06/2024) was adopted. In order to improve the practice and implement the reform (development of the reporting portal), the aforementioned draft law provided for the possibility of considering information/documents submitted through the reporting website (www.reportal.ge) as submitted in the form of publication (if the subjects do not familiarize themselves with the information/documentation in accordance with the procedure established by law) - In order to implement legislative changes, a relevant website/software has been developed, where unsubmitted acts will be made public.

- For the purposes of improving and refining the legal framework, the Order No. 6 of the Head of the Service "On Approval of the Rules for Registration of Users on the Reporting Website, Submission of Reports by Subjects and Disclosure of Submitted Information" of May 21, 2019 was amended on October 10, 2024, which includes substantive and editorial amendments to the act, which are due to the needs identified during the operation of the Service, the process of administrative proceedings, and the purpose of the Service to fulfill legislative requirements, both in terms of content and terminology. A draft order of the Head of the Service "On determining the type/amount of sanctions and approving the procedure for imposing sanctions by the Accounting, Reporting and Audit Supervision Service" was also developed and sent to the Council for consideration/published on the Service's website. The Service plans to implement it as soon as possible, taking into account the feedback results.
- To ensure access to public information, the Order of the Head of the Service "On Approval of the Standard for Requesting Public Information in Electronic Form from the Accounting, Reporting and Audit Supervision Service" came into effect in the fourth quarter of 2024.
- A package of legislative amendments to be developed for the purposes of gradual (DIRECTIVE 2013/34/EU) and dynamic (DIRECTIVE (EU) 2022/2464; DIRECTIVE (EU) 2021/2101) approximation is being prepared, in which the World Bank has been involved as a donor since September 2024. In the fourth quarter of 2024, an initial working version of the draft law was created and submitted to the internal structural units of the Service for consideration.
- In order to coordinate the work processes on the draft legislative amendments and ensure the implementation of the relevant reporting standard (ESRS), a working group was established by Order No. 645 of the Head of the Service dated October 3, 2024, to work on legal acts to be developed for dynamic approximation to the CSRD Directive, which is staffed with representatives of the public sector.

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

Responsible body : Accounting, reporting and audit supervision service

Performance indicator: average of 40 detailed reviews of reports.

Period: January-December

Progress of I-IV quarters of 2024: In the first quarter of 2024, the service reviewed the financial statements of 40 enterprises to verify their compliance with IFRS. Among them, a corresponding sanction - a warning letter - was sent to 39 enterprises. And no non-compliance with International Financial Reporting Standards was identified in the financial statements of one enterprise.

Activities carried out to improve the legal framework:

- Since the Law of Georgia on Amendments to the Law of Georgia on Accounting, Reporting and Auditing (N4206-XIV06-X03; 29/05/2024; publication source, date: www.matsne.gov.ge - 14/06/2024) was adopted in June 2024 and the aforementioned draft law stipulated that the Service would develop a procedure for reviewing the compliance of published reports with international standards established by law within 8 months from the entry into force of the law (no later than March 2025), the Service prepared the initial working version of the aforementioned sub-legal act during 2024.
- The Service also developed and sent to the Council for consideration/published on the Service's website a draft order of the Head of the Service "On the determination of the type/amount of sanctions and approval of the procedure for imposing sanctions by the Accounting, Reporting and Audit Supervision Service", which the Service plans to implement in the near future, taking into account the feedback results.

3. Promoting the growth of audit service quality

3.1 Increasing the quality of audit services

Responsible body: Accounting, reporting and audit supervision service

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

Period: January - December

Progress of I-IV quarters of 2024: In accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing, monitoring of PIE firms is carried out on average once every 3 years, while monitoring of non-PIE firms is carried out on average once every 6 years. In the first-fourth quarter of 2024, a total of 41 firms were monitored, 34 with audit revenues and 7 without audit revenues.

Activities carried out to improve the legal framework:

- Since the Law of Georgia "On Amendments to the Law of Georgia "On Accounting, Reporting and Auditing" (N4206-XIV06-X03; 29/05/2024; Publication source, date: www.matsne.gov.ge - 14/06/2024) was adopted and the aforementioned draft law brought the regulatory norms of the field closer to the European Union regulation, defined the regulatory framework related to the prohibition of providing non-audit services, and also because the SDP audit firms were instructed to publish an annual report on transparency - the service is currently working on draft acts to be developed based on the newly adopted law. Based on legislative changes, a draft order of the Head of the Service "On amending the Order No. 17 of the Head of the Service of October 28, 2016 on the production of the website and the register in electronic form, its structure, form, list of information reflected therein and the procedure for identifying users" was developed and entered into force in December 2024.
- Also, thematic changes were made to the Order No. 5-9 of the Head of the Service "On the Procedure for Monitoring the Quality Management System" dated July 12, 2017 and the Order No. 5-16 of the Head of the Service "On Approval of the Professional Certification Standard and the Procedure for Recognition of Certification Programs and Examination Process" dated September 25, 2017.

- The Service also developed and sent to the Council for consideration/published on the Service's website a draft order of the Head of the Service "On determining the type/amount of sanctions and approving the procedure for imposing sanctions by the Accounting, Reporting and Audit Supervision Service", which the Service plans to implement as soon as possible, taking into account the feedback results.
- A package of legislative amendments to be developed for the purposes of gradual (DIRECTIVE 2006/43/EU) and dynamic (DIRECTIVE (EU) 2022/2464; approximation is being prepared, in which the World Bank has been involved as a donor since September 2024. In the fourth quarter of 2024, an initial working version of the draft law was created and submitted to the internal structural units of the service for consideration.

3.2. Verification of compliance with legal requirements (survey)

Responsible body: Accounting, reporting and audit supervision service

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

Period: January - December

Progress of I-IV quarters of 2024: An important lever for improving quality is the implementation of investigations of auditors/audit firms, which serves to determine compliance with the legislation regulating the field of auditors/audit firms, and to control the verification of the accuracy of information in the register. The aim of the service is to detect violations of the law through investigations, to establish a system of responding (investigation) to complaints received by the service regarding the quality of the audit (to protect the rights of third parties) and to prevent violations of the law/risks. In order to conduct an effective investigation, if necessary, the service may also conduct an on-site inspection of a person based on a court ruling, which is a more effective means of conducting the case and detecting violations of the law. In the I-IV quarters of 2024, investigations were conducted for 9 firms.

4. Oversight of money laundering and terrorist financing

4.1. Production of the register of accountable persons

Responsible body: Accounting, reporting and audit supervision service

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.

Period: January – December

Progress of I-IV quarters of 2024:

During 2024, 70 persons (total — 283) were registered in the Register of Accountants Providing Professional Services, and 40 persons (total — 284) were registered in the Register of Accounting Firms.

Software for electronic submission of reports on the risk of money laundering and terrorist financing supervision of accountable persons in the registers was implemented.

4.2. Improving the legal framework

Responsible body: Accounting, reporting and audit supervision service

Performance indicator: By-laws have been issued covering the issues of preventive measures, risk assessment and management, compliance control system, accountability to the supervisory body, register of accountable persons and inspections and enforcement.

Period: January - December.

Progress of I-IV quarters of 2024: The bylaws “On the Implementation of a Compliance Control System by a Responsible Entity”, “On Approval of the Guidelines for Assessing and Managing Money Laundering and Terrorism Financing Risks” and “On Approval of the Procedure for Filling in and Submitting Reporting Forms for the Supervision of Money Laundering and Terrorism Financing Risks by a Responsible Entity” entered into force.

4.3. Raising the awareness of accountable persons

Responsible body: Accounting, reporting and audit supervision service

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.

Progress of I-IV quarters of 2024: On November 22 and December 26, the Service held online events on the new by-laws “Rules for Implementing a Compliance Control System by an Accountable Entity” and “Guidelines for Assessing and Managing Money Laundering and Terrorism Financing Risks,” which were attended by more than 300 interested parties.

IX - Informational Technologies

1. Development 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: Implementation of the investment project evaluation system and integration with the budget system; creation of functionality for modeling changes in the law; Functional perfection of the budget transparency and charting system; Modernization of system functionality and relevant modules or addition of new ones within current tasks.

Period: January - December

Progress: The working environment for the budget management system of LEPLs and N(N)LEs has been configured for

2024;

The working environment for the electronic budget management system has been configured for 2025; New reporting documents have been added to the system; New organizational code types have been added to the system; 31 corrections have been made to the system.

1.2 eTreasury - System development and addition of new functionality

Responsible body: LEPL Financial-Analytical Service

Performance indicator: Improving the feature of conversions and accounting of foreign exchange requirements in the treasury's main book; implementation of the process of adding and processing transactions in an independent module; optimization of the treasury's general ledger; Modernization of system functionality and relevant modules or addition of new ones within current tasks.

Period: January - December

Progress: The features of automatically receiving tax (VAT) refund orders from the Revenue Service to treasury codes, automatic transfer of tax amounts and reserve subaccount balances to the Revenue Service, CPV code versions, asynchronous processing of package accounting, and password complexity control and periodic change of users of the Treasury electronic system were added; the functionalities of the green corridor, enforcement sheets, SWIFT transfers, conversion of targeted grants, LEPL/N(N)LE/state-owned enterprises modules, issuance of bonus supplements, notifications, confidential requests, business trips and cash accounts were improved; The logic of the Spender Portal commitment and conversion request forms and reports "Transferred payment requests", "Account performance by economic codes", "Detailed account turnover", "Account turnover by period", "Account balance", "Total account turnover", "Detailed initial report", "On the performance of obligations (by periods)" and "Employee allowance report" have been improved and fields have been added; an English-language printed form of the payment order and reports "Detailed initial report (2)", "Transferred payment requests (by the amount of the base amount)", "Register of accrued amounts, accrued and paid income tax" have been added; the following reports have been added to the back office: "Transferred payment requests (by CPV codes)"; "balance reports of LEPLs", "Transferred Packages (Detailed)", "Report N8" for depositors, forms of the Commitment, Open Packages SWIFT Transactions and Depositors module have been improved, operations of legal entities and individuals in the Revenue module, reports "Account Turnover", "Information on Targeted Grant Income and Expenditure"; in the Accounting module, a budget type has been added to payroll and invoice operations, validations have been added to invoices and in the independent module; services for exchanging information with the Revenue Service have been changed (RevenueDayClosureService, RevenueOperationalService).

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

Responsible body: LEPL Financial-Analytical Service

Performance indicator: Integrating the full feature of the DMNAT system, reporting documents into the eDMS system; Establishing an automated connection with the budget (eBudget) and the treasury (eTreasury) for the future development of the system - monitoring the execution of the budget plan according to the projects; creation of appropriate reporting for monitoring; Modernization of system functionality and relevant modules or addition of new ones within current tasks.

Period: January – December

Progress: Work was carried out to improve the domestic and external debt reporting documents, as well as changes and the field assignment was launched in the real environment. The buyout and exchange assignment was completed and is in testing mode; 217 corrections were made to the system.

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

Responsible body: LEPL Financial-Analytical Service

Performance indicator: Technical support and improvement/development/modification of modules in the system: evaluation module, professional development module, report constructor and self-service portal in accordance with new requirements; Addition of intern and intern module; Change of messaging functionality in the evaluation module; Realization of new requirements in the system and continuous customer support; Continuing the process of introducing the system in public organizations.

Period: January - December

Progress: The functionality of the annual plan was changed in the professional development module, in particular, the feature of adding individual employees was added to the form. Also, the part of the employee component was updated in the functionality of automatic generation of annual training plans. Changes were made to the system's attendance table in accordance with the requirements.

A new module was added to the system: Evaluation of the effectiveness of professional development programs.

A change was made to the logic of individual static reports. New reports were added at the request of the LEPL Public Service Bureau.

A functionality has been added to the appointment form to identify the “person responsible for gender”.

In the position module of the system, in particular, when defining the type of professional civil servant, new logic and validations have been added.

In the employee appointment section of the system, a new functionality has been added, which is valid if a person is dismissed from the position in the eHRMS system “on the basis of disciplinary misconduct”.

In addition, new requirements/cases are being identified, analyzed and their technical solution works are underway.

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

Progress: Trellix IVX system installation and integration was carried out.

Wireless network access security system dot1x was implemented.

Mail server security system installation and integration was carried out.

Network access security system ISE upgrade/migration was carried out.

Data transfer from ePassport database to archive databases was carried out.

Applications existing on LTM and ASM systems were integrated.

Web pages were migrated to Web Application Firewall (WAF).

DWDM optical switch installation, CSM system installation, (EX, IVX) integration with Anti-Spam module, archiving of document management system data.

Costing of public finance management reform 2024 action plan activities

#	Filed/Action	Full Funding/Funding Source (GEL)
	I – Budgeting	23 01 – Public finance management
		3,830,000
1	<u>Improvement of Budget Management</u>	3,830,000
1.1	Development of law of Annual budget project	450,000
1.2	Increasing efficiency of mid-term spending (MTEF)	450,000
1.3	Improvement of the Program Budgeting on National and Local Municipalities level	450,000
1.4	Evaluating the effectiveness of programs (Spending Review)	200,000
1.5	Ensure the accordance of budgetary documentation with the fiscal management principles	200,000
1.6	Capital/Investment project management unified cycle development	700,000
1.7	Reporting on annual and quarterly budget performance, reinforcement of accountability to the supervising entity	300,000
1.8	Ensure the Transparency of the Budget Process	230,000
1.9	Improvement of finance management by municipalities	400,000
1.10	Support for the budget process by refinement of corresponding legislation	50,000
1.11	Strengthening the Link Between the Policy Documents and Budget	200,000
	II - Public Debt Management	23 01 – Public finance Management
		4,015,000
1	Update the government's medium-term debt management strategy	1,430,000
2	Development of government securities market	2,585,000

2.1	Introduction of new tools within the scope of liability management operations	1,000,000
2.2	Expansion of Primary Dealers Pilot Program	900,000
2.3	Preparation of Government Debt Management Report	685,000
	III - Accounting and reporting	23 01 – Public finance management
		3,407,500
1	<u>Implementation of appropriate IPSAS standards for the accrual method</u>	1,450,000
1.1	Refinement and improvement of accounting regulations in the public sector in order to comply with the requirements of IPSAS standards	100,000
1.2	Additional introduction of accrual-based IPSAS standards in the public sector	200,000
1.3	Conducting workshops, seminars, trainings, etc. for public sector accountants	900,000
1.4	Preparation of consolidated financial statements of the government based on IPSAS standards introduced into action	250,000
2	<u>Development of Integrated Public Financial Management Information System (PFMS)</u>	1,957,500
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)	800,000
2.3	Integrating state-owned enterprises into the integrated state management information system (PFMS)	200,000
2.4	Training of state budget and local self-government representatives regarding the use/changes of the electronic treasury system (E-treasury)	478,750
2.5	Training of representatives of state enterprises belonging to the government sector regarding the use/changes of the electronic treasury system (E-treasury)	178,750
	IV - Tax and Custom Issues	23 01 - Public finance management 23 02 - Mobilizing
		income and improving taxpayer service
		20,937,000
1	Improvement of Legislative Base	2,600,000
1.1	Harmonization of tax legislation with EU directives within the Framework of the Association Agreement	500,000
1.2	Further refinement of the tax code	500,000

1.3	Further perfection of the customs legislation	500,000
1.4	Refinement of international tax policy	1,100,000
2	Strengthen the tax risk management process in the field of compliance with the law	7,830,000
2.1	Implementation of targeted measures in the priority directions defined by the law compliance	5,480,000
2.2	Support and development of the data warehouse	955,000
2.3	Determination of the rating of the taxpayer's conduct	90,000
2.4	Modernization of existing processes in the revenue service during entity liquidation/reorganization	620,000
2.5	Modernization of primary tax documents	145,000
2.6	Improving procedures for tax registration of non-citizens and dual citizens of Georgia and for payment of money to the state budget of Georgia	540,000
3	Development of customs risk management and preliminary information exchange system	1,095,000
3.1	Modernization of customs risk management system	435,000
3.2	Implementation of customs information exchange system	160,000
3.3	Implementation of the eTIR system	500,000
4	Improving the tax debt management system	1,100,000
4.1	Implementation of the measures envisaged by the 2022-2024 debt management strategy	1,100,000
5	Development of services tailored to the needs of interested parties	3,835,000
5.1	Development of feedback system	295,000
5.2	Development of mechanisms to optimize service business processes and increase availability	785,000
5.3	Changes to the structure and design of the authorized user page	900,000
5.4	Simplification of the procedure for refunding overpaid amounts for natural persons entitled to benefits on income received from the source of payment	755,000
5.5	Technical retooling of the telephone center of the Consulting and Information Division	1,100,000
6	Modernization of the Tax Administration Information System (TAS) of the Revenue Service	1,800,000
6.1	Modernization of the Tax Administration Information System (TAS) of the Revenue Service	950,000
6.2	Implementation of IT project management methodology in the information technology center	850,000
7	Bringing the information security system into compliance with modern standards	102,000
7.1	Updating the information security system	51,000
7.2	Implementation of data loss prevention solution	51,000

8	Development of organizational risk management system	1,930,000
8.1	Implementation of operational risks system	2,930,000
9	Support of integration processes with the European Union	645,000
9.1	Implementation of the New Computerized Transit System (NCTS) at the international level	485,0002
9.2	Participation in the EU tax and customs program	160,000
	V - Macroeconomic Analysis and Fiscal Policy	23 01 - Public finance management
		2,100,000
1	<u>Improving macroeconomic forecast analysis and increasing analytical information</u>	1,130,000
1.1	Development of a quarterly forecasting model	100,000
1.2	Improving macroeconomic forecast analysis and increasing analytical information Preparation of analytic information about economic development tendencies of the country	160,000
1.3	Preparation of analytic information about economic development tendencies of the country Publication of macroeconomic research papers	120,000
1.4	Publication of macroeconomic research papers Analysis of shocks affecting the development of the economy, creation of scenarios and assessment of macroeconomic risks	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	Press-test Analysis	110,000
1.7	Development of medium-term fiscal policy and preparation of relevant recommendations	110,000
1.8	Participation in the evaluation of socio-economic decisions and the development of strategies in terms of macroeconomic forecasting	105,000
1.9	Coordination of strategy development and coordination of relations with international rating companies in order to improve the country's credit rating	100,000
1.10	Processing and analysis of data for assessment of tax expenditures, increase of assessment area	110,000
2	<u>Improving revenue forecasting and analysis</u>	970,000
2.1	Creation of unified and state budget revenue forecast, improvement budget revenue forecast methodology and creation of alternative methodology	600,000
2.2	Organizaing 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.	370,000
	VI - Fiscal Risks	23 01 - Public finance management

		770,000
1	Development of a comprehensive legal framework for state enterprises	208,000
2	Piloting the role of the shareholder of state enterprises in the Ministry of Finance of Georgia	168,000
3	Preparation of fiscal risk analysis document	265,000
4	Financial supervision of state enterprises	129,000
	VII - Development of Public Internal Control System	23 01 - Public finance management
		660,000
1	<u>Development of Public Internal Control System</u>	660,000
1.1	Development of financial management and control system	460,000
1.2	Development of internal audit	200,000
	VIII - <u>Accounting, Reporting and Auditing Supervision</u>	23 06 -Supervision of accounting, reporting and audit
	<u>Accounting, Reporting and Auditing Supervision</u>	2,071,000
1	Effective functioning of Reporting Portal	301,000
1.1	Development of Reporting Portal	301,000
2	Promoting the growth of reporting quality	340,000
2.1	Review of compliance of reports with international financial reporting standards (IFSR, IFRS for SMEs)	340,000
3	Promoting the growth of audit service quality	1,100,000
3.1	Increasing the quality of audit services	550,000
3.2	Verification of compliance with legal requirements (survey)	550,000
4	Oversight of money laundering and terrorist financing	330,000
4.1	Production of the register of accountable persons	110,000
4.2	Improving the legal framework	110,000
4.3	Raising the awareness of accountable persons	110,000
	IX - Informational Technologies	23 04 - Electronic and analytical support of financial management
		4,971,841
1	<u>Development and Support of the Public Finance Management Integrated Information System</u>	4,971,841
1.1	eBudget – System development and addition of new features	598,839

1.2	eTreasury - System development and addition of new functionality	1,713,388
1.3	eDMS - Improvement of the system and addition of new features	331,747
1.4	eHRMS - Improvement of the system and addition of new features	724,936
1.5	Ensure the sustainability of ICT infrastructure of Ministry of Finance	1,602,931