



Citizen's Guide 2023

Law on State Budget

Ministry of Finance of Georgia

Tbilisi, 2023

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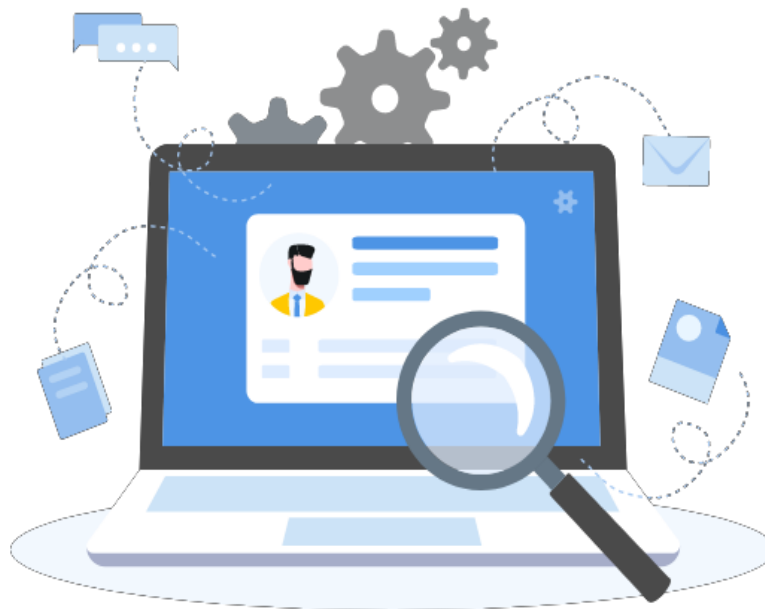
Transfers to the autonomous republics and municipalities of the 2023 state budget amounts to GEL 515,000.0 thousand

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About the Guide

The state's priority is to protect its own population, promote their social integration, achieve economic stability and competitiveness on the world market for each citizen, as well as explain to the citizens where the money comes from and where it goes in the state budget. This priority can only be implemented through active citizens. That is why a Citizen's Guide is being prepared on an annual basis, which would help enabling community members become more active.

The purpose of the Guide is to provide the wider public with the key issues envisaged by the law of Georgia on State Budget. Using the Guide, all interested persons will learn what the term budget means, what components the budget system consists of, become familiar with the budget process steps, the legal basis for managing the budget process, reforms implemented in recent years in the field of public finance management and the results achieved, get an idea about priority areas of the state budget 2022, as well as the activities planned by the state budget, on the amount of revenues to be received by the state during the year and the costs to be born in achieving the objectives set.

brief guide to the State Budget of Georgia 2023, the budget and other additional information related to the budget/budgetary process is available to the public through the official website¹ of the Ministry of Finance of Georgia.



¹ www.mof.ge

Family Budget

What is a budget? This is the knowledge of how to manage your income. Budgeting is beneficial for individuals and families as well as for business people and governments.

All family members should be involved in budgeting so that everyone feels obliged to follow the plan drafted. A budget drafted jointly will help each family member better manage their family income. Needs and costs increase along with revenue and, usually, always exceed it. In fact, a joint budget involves managing finances in a way that allows for thinking about the future.

When determining a family budget, expected income and expenses such as food, utilities, transportation, vacation, necessary family disbursements such as home, car and other consumer loan repayments and bank interest payments are to be considered, as well as the possibility of saving some money. It is important to assess the costs to be born during the year with regard to the family income. If the family income appears to be insufficient to cover the planned costs, priorities should be identified to reduce costs, or alternatives should be considered to increase revenues, e.g.: overtime working hours, transfer to a new job or finding an additional job. If the family believes that their situation is temporary, or if they wish to start a new business and do not have sufficient funds, its members may consider obtaining a loan, but, at the same time, they should also consider and find sources of the loan repayment



If family income exceeds daily expenses, savings can be made to make long-term plans. Alternatively, such amount may be spent on improving the current situation; for example, they may buy a new car, appliances or improve living conditions.

In some ways, the family is a small model of the state, and the process of drafting the state budget by the government runs in some cases similar to the process described above. The government and parliament determine the government's expected revenues, sources of revenue, and expected spending by programs. Examples include programs of defense, foreign affairs, social security, education, law enforcement entities, regional infrastructure, agriculture etc. In cases where expected revenues are less than expenses, the government considers the possibility of obtaining external debt under certain conditions if it is beneficial to the country and it is possible to find the sources of its repayment.

What does the term “Budget” mean?

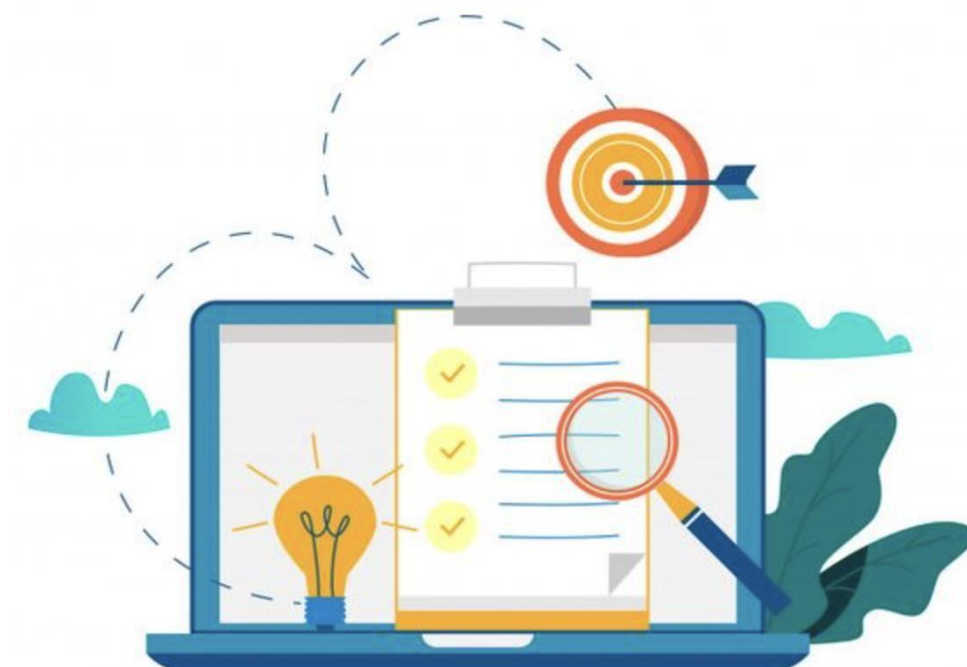
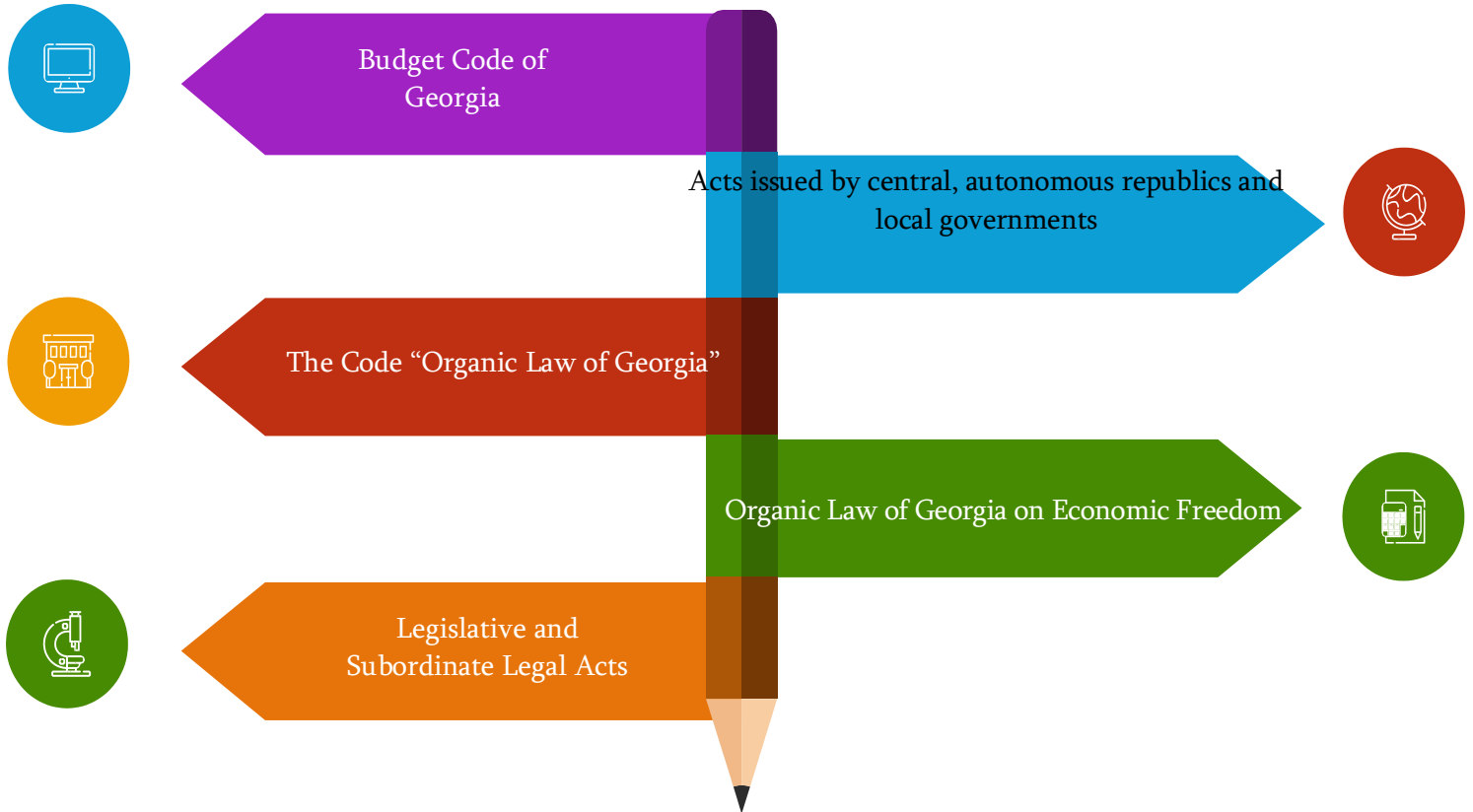
The term “budget” is derived from the English word “Budget” which means sack. When the Government asked the House of Commons for money in the English Parliament, the Chancellor of the Treasury opened a portfolio (sack) containing a draft State Income-Expense Account. This was called opening the budget.

In a modern sense, a budget is a list of the income and expenses of a specified person (family, business, organization, state, etc.), which is determined for a specific period of time, usually one year. More specifically, the budget is a combination of revenue and expenditure.



All receipts and payments of the state budget of Georgia are accomplished through the State Treasury System. It is one of the key components of public finances. State finances, in turn, are a key part of the country's financial system, which is an instrument to implement economic, political and social functions of the state.

Legal Basis of Budget System



State Budget

The state budget is the most important financial document of the state. It is a combination of programs, sub-programs and activities to be implemented by all agencies. The state budget of Georgia is approved by the Parliament of Georgia



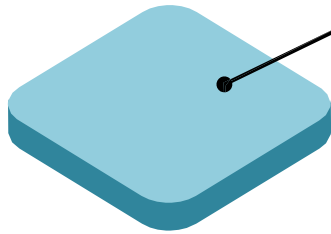
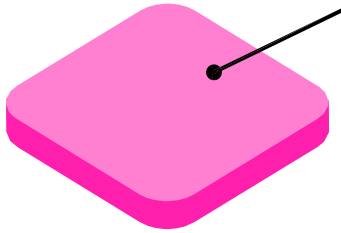
Budgeting is a transparent planning in which the government and spending agencies and budgetary organizations reach a sort of agreement on the allocation of state resources according to strategic priorities. In the process of refining and improving the formulation of the budget process, it is important to incorporate this process into the established fiscal framework and to allocate resources effectively to achieve the goals set.

The budget has a multifaceted function, namely:

- ❖ The budget is a plan developed by central governments for how the government will seek funding to meet its commitments. What kind and amount of money should be mobilized for this purpose from various taxes such as value added tax, excise tax, profits and other taxes.
- ❖ The budget is a plan for how the government should spend the funds it mobilizes. What measures should be funded and how the revenue should be distributed to different areas. Namely, education, defense, health, social protection, etc. to other areas.
- ❖ The budget determines limits of state debt and loans to be obtained by the government. If spending exceeds revenue, the government has to contract a certain debt to cover the cost of services provided to its population and pay off debts of previous years.
- ❖ The budget affects the development of the national economy. Some costs (such as education and science, as well as the introduction of new technologies) may increase productivity, which also will lead to an increase in the population income in future. On the other hand, taxes reduce the income of the population and leave them less money to spend. Therefore, the budget (receipts and payments) should be balanced so that it becomes a powerful lever for the country's development.
- ❖ The budget itself is influenced by national economic processes. In particular, in conditions of high economic growth, business becomes more active, employment volumes increases, and consequently, the income of both the citizens and the country's budget increases, especially tax revenue. Under these conditions, the government obtains the opportunity to finance more activities. However, the need to contract debts becomes reduced.
- ❖ The budget is a strategic document. In addition, the budget includes information on funds raised and spent by the government in previous years, as well as forecast information with regard to future spending of the funds.

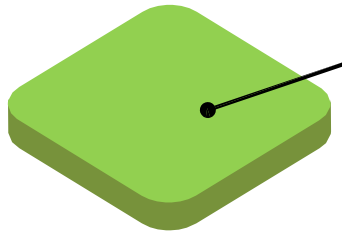
Main terms:

Budget - a set of receipts to be received, payments to be made and changes in balances in fulfilling the functions and obligations of the Central, Autonomous Republics and local authorities of Georgia that are approved by the relevant central, autonomous republics and local authorities of Georgia

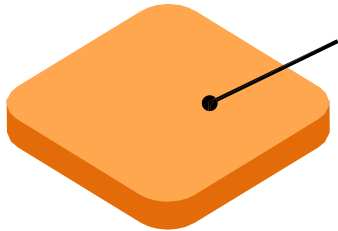


Program Budget - allocations are made in accordance with spending agencies and programs/sub- programs to be implemented by them. The basic principle of a program budget is to direct public funds to achieve predetermined results, and, with that in mind, program budgets are often referred to as resultsoriented budgets; the purpose of a program budget is to increase the efficiency of public spending, to strengthen the link between funding for public sector institutions and the results they achieve. Besides the programs and sub-programs to be implemented by spending agencies, the Budget Code defines payments of general state importance.²

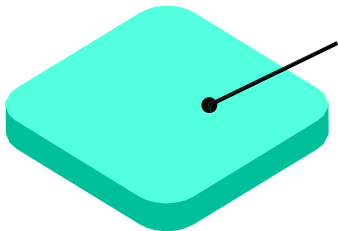
² Law of Georgia on the “Budget Code of Georgia” establishes what these types of payments may be, which also implies reserve funds and the limit set for reserve funds (no more than 2% of the total budget)



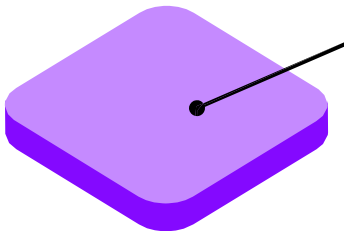
Program - is a set of activities to be carried out by a budget organization(s) to achieve the priority goals set by the budget, grouped by similar content and implemented to achieve a single final outcome.



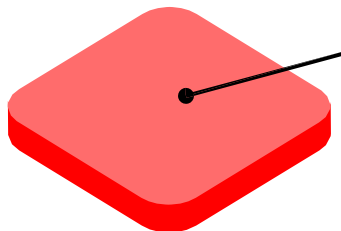
Subprogram - is a set of activities to be carried out by a budget organization(s) within the spending agency program.



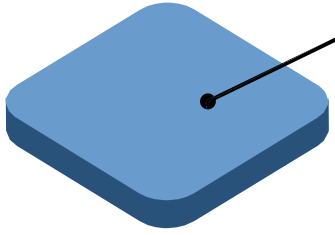
Surplus - if the planned budget revenue exceeds the expenditure share, we may speak of a budget surplus.



Deficit - if the planned budget expenses exceed the revenue share, we may speak of a budget deficit.



Spending Institution - a budget organization envisaged under the first rank in the budget program classification.



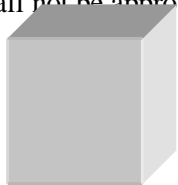
Budgetary Organization - a spending agency and/or an organization authorized to allocate funds within programs / sub-programs envisaged by the budget that drafts its own budget, executes the budget, and reports in accordance with established norms, procedures and rules.

Budgetary System of Georgia

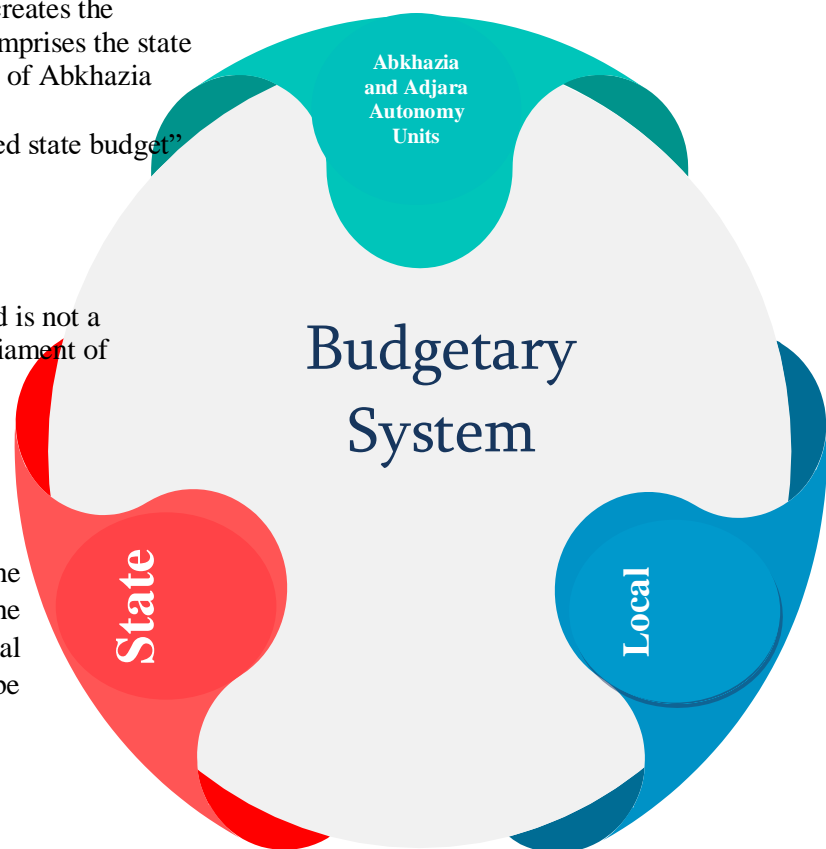
Budgets may be of different levels, the unity of which creates the budgetary system. The budgetary system of Georgia comprises the state budget of Georgia, the budgets of the autonomous units of Abkhazia and Adjara, and the local budgets.

In addition, the terms “consolidated budget” and “unified state budget” are used when formulating financial policies.

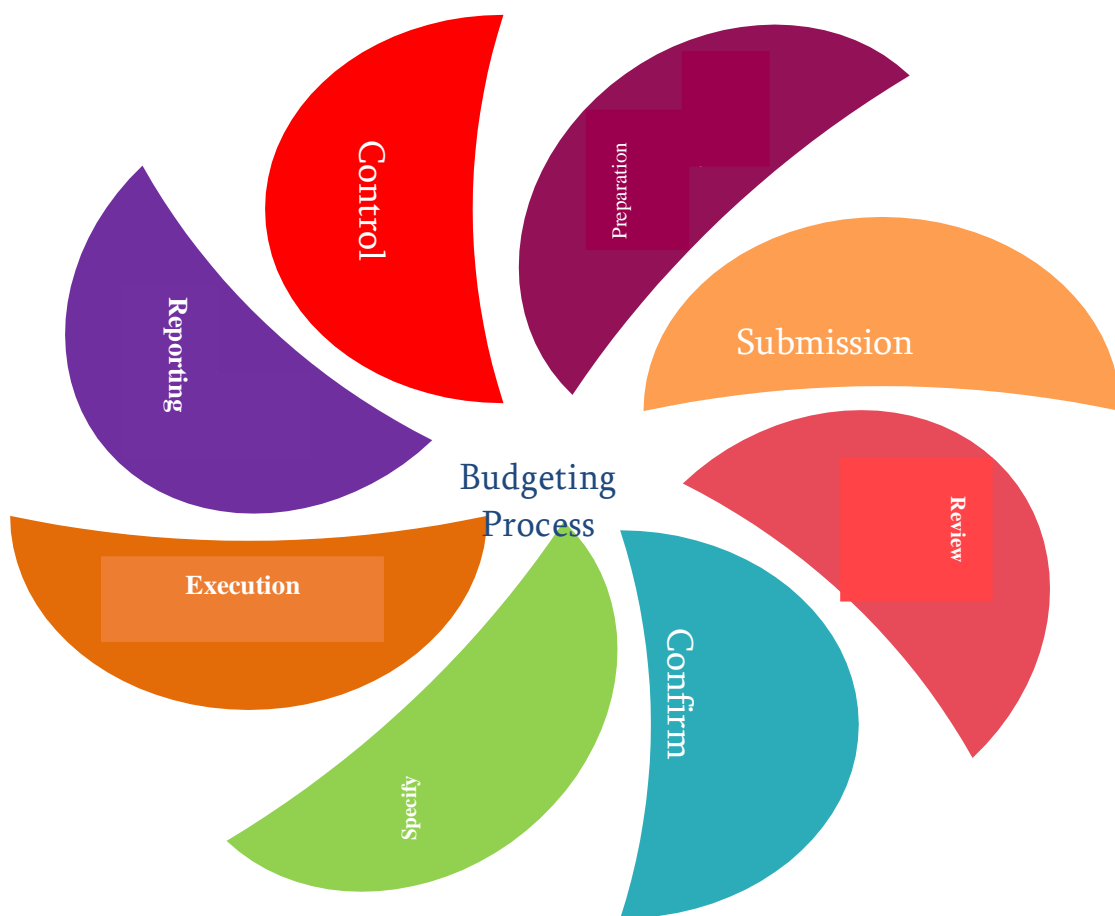
Consolidated Budget incorporates existing budgets and is not a normative act, thus, it shall not be approved by the Parliament of Georgia.



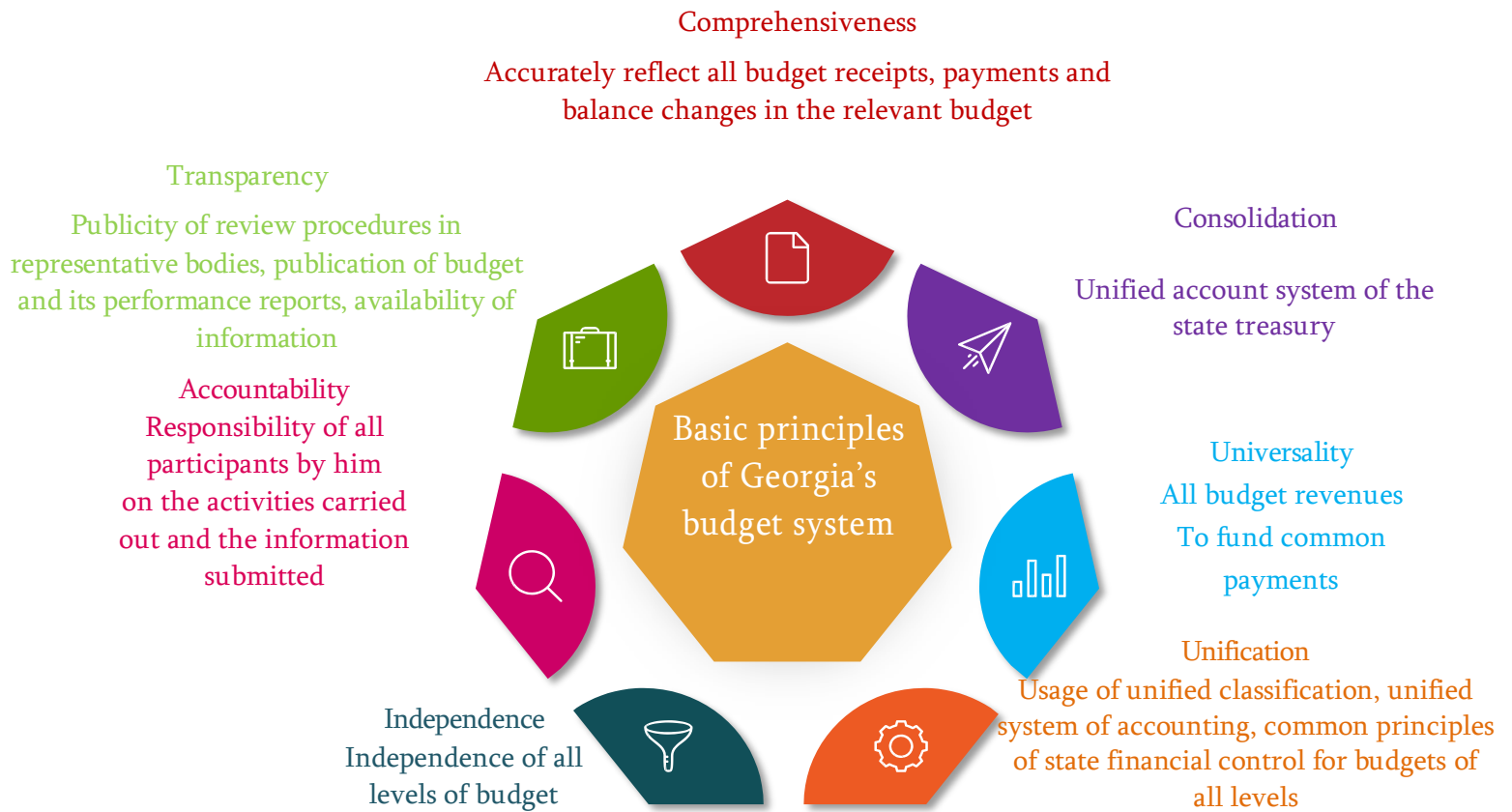
United State Budget is a consolidated budget of the central budget, unified republican budgets of the autonomous republics, and the unified municipal budgets of the self-governing units, which shall not be endorsed by any governmental representative body



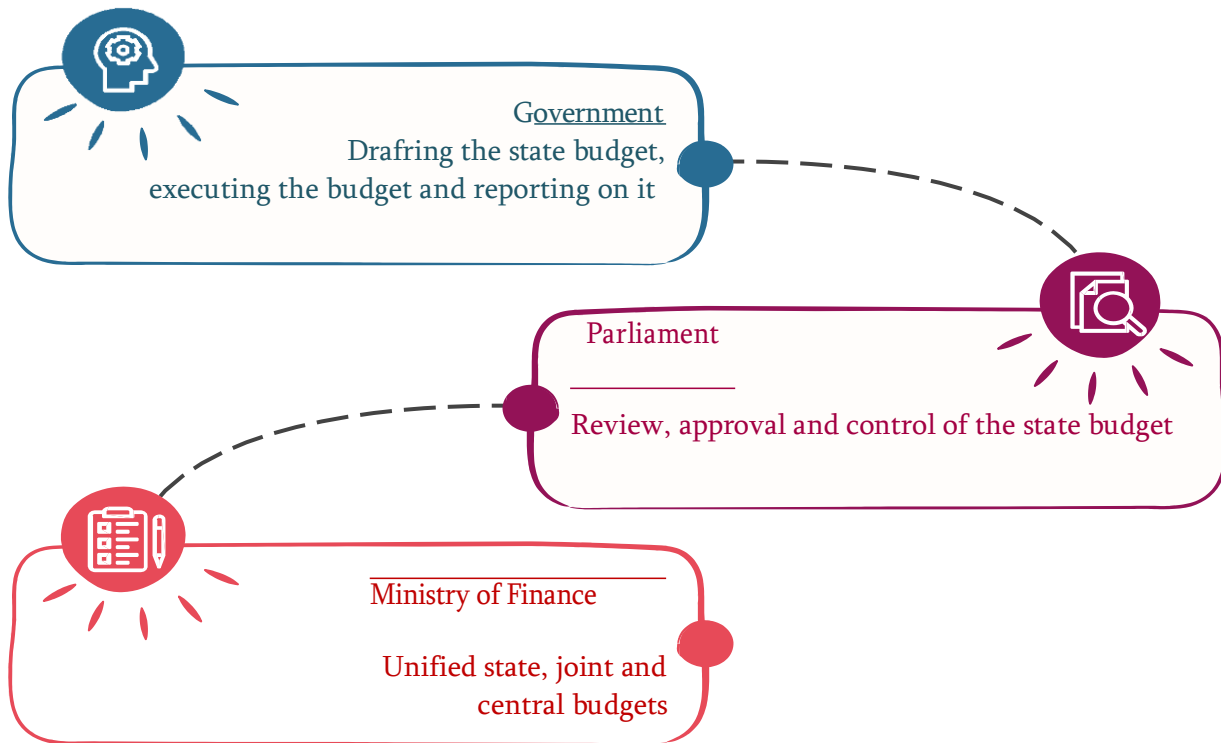
Budgeting Process



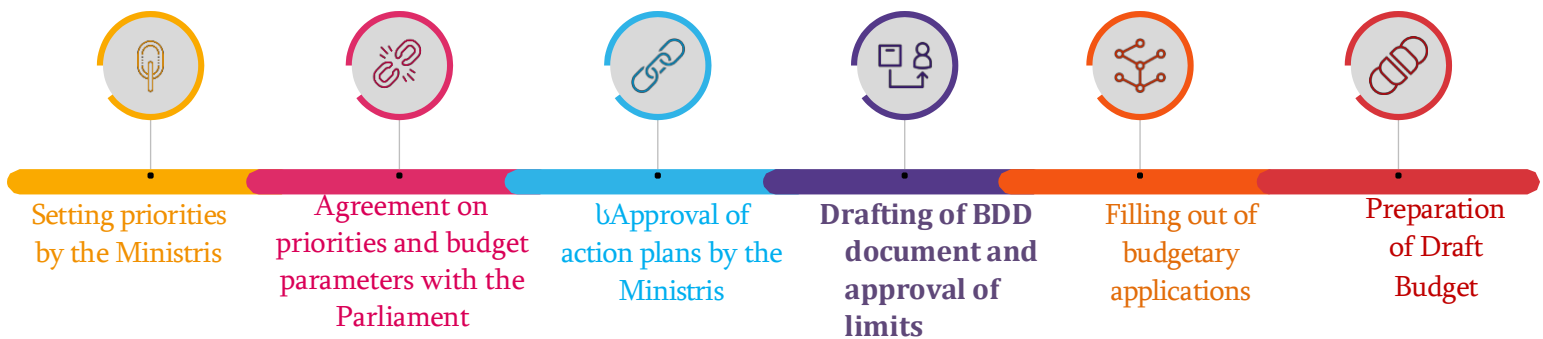
Basic Principles of Budgetary System of Georgia



Responsibility of State Budget Participants



Brief Description of Budgeting Process



Country's Basic Data and Direction Document (BDD)

The process of development of a draft annual budget begins with the work on the country's Basic Data and Directions Document (BDD).

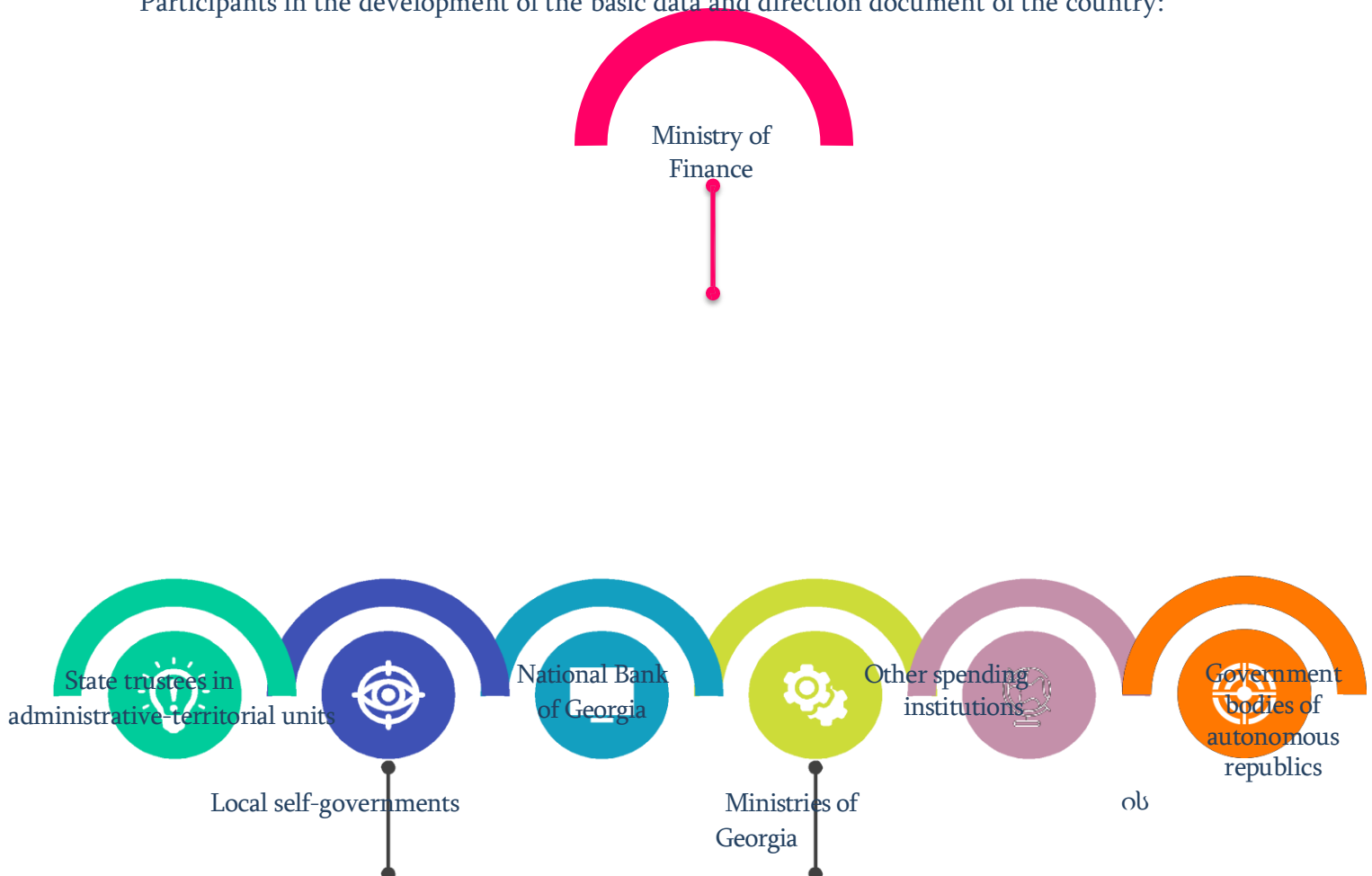
The country's Basic Data and Directions Document is the basic plan of the country's development that outlines information on medium-term macroeconomic and fiscal forecasts, as well as information on basic development directions for Georgia's central, autonomous republics and local governments.

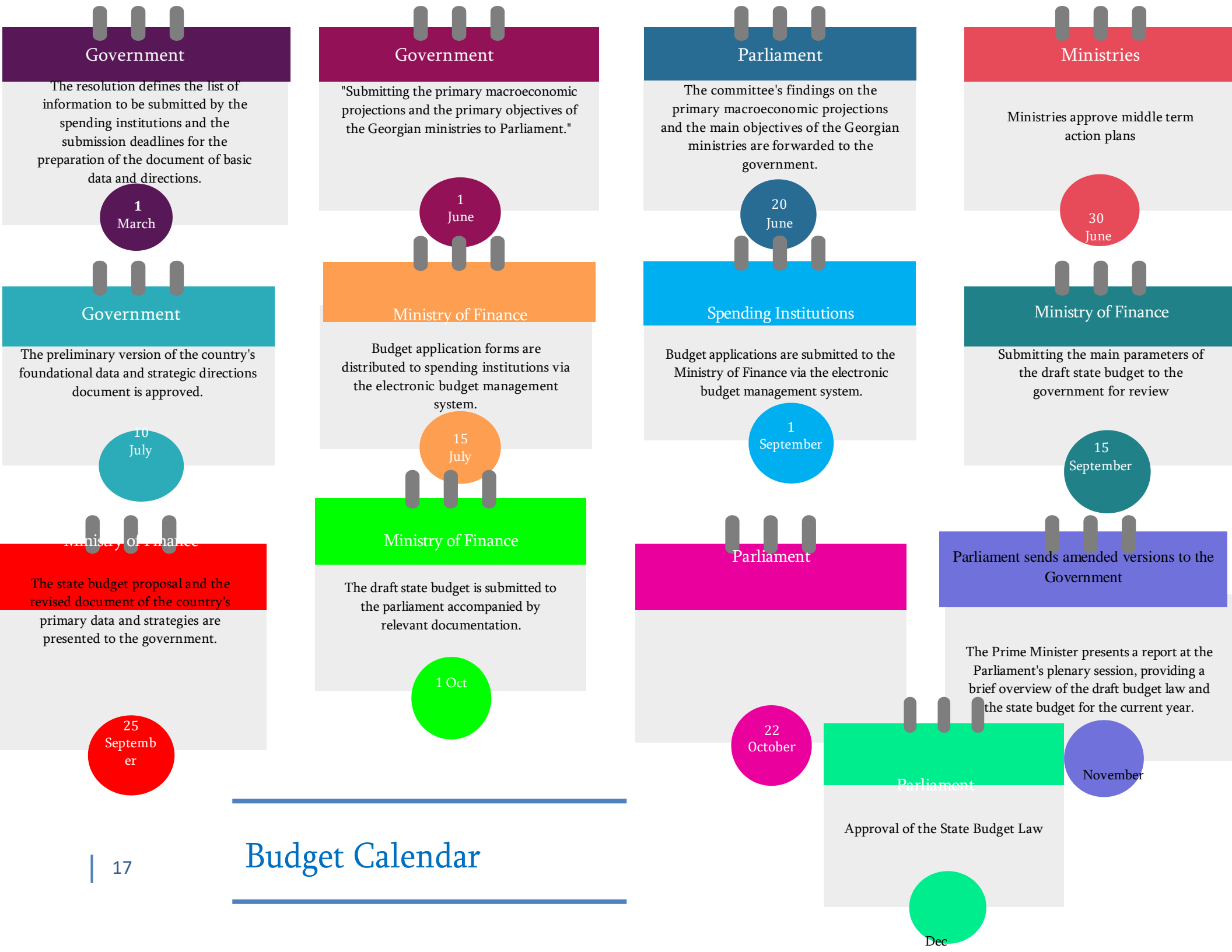
The document covers a period of 4 years and is an annually updated document.

Preparation of the annual budget begins with the drafting of the BDD document. The Budget Code of Georgia defines the stages of development of the country's Basic Data and Directions Document, what information should be included in it, and the timeframes for submitting its initial, revised and final versions to the Government and Parliament of Georgia.

The Government of Georgia shall endorse the initial version of the country's Basic Data and Directions Document for the budget year to be planned +3 years.

Participants in the development of the basic data and direction document of the country:





Budget Calendar

Description of the Public Financial Management Reform

The public finance management reform began in 2004, implying the introduction of medium-term planning of expenditures, general improvement of the budgetary process, alignment of budgetary classification with international standards GFSM 2001 for budgets of all levels, and transition to program budgeting.

Georgia has developed a legislative framework that ensures existence of a sound budgetary system. New regulations recently adopted in relation to the budgetary process were reflected in the new Budget Code, which was approved in 2009 and has been in force since 2010. As a result, all legislative acts of the budgeting system at the state, autonomous and local levels were combined in one law, the BDD Document was improved, the program budget was introduced for the central government, municipalities and autonomous budgets, the Parliament approved the organic law on economic freedom, which is in force since 2014. It sets out fiscal discipline rules for public finance management, as well as mandatory fiscal rules and exclusions.



Based on the aforementioned laws, the management of public finances of Georgia is governed by several by-laws, of which the following are worth noting: the budget classification approved by the order of the Minister of Finance, based on IMF Public Sector Financial Statistics Guidelines 2014; the methodology for drafting program budgets approved by the order of the Minister of Finance, and the guidelines and methodology for managing investment projects approved by the Government Decree and the order of the Minister of Finance, etc

Electronic systems (ePFMs) have been developed fully harmonized with eBudget and eTreasury systems. Creation and introduction of the integrated, Internet-based, electronic public finance management system is one of the major successes within the country's public finance management reform. It currently has about 4,500 domestic users.

Along with the budgeting process and procedures of the central government, the **local government budgeting process** and procedures **were developed** and a comprehensive and well-implemented system was established, which facilitated the inclusion of local self-government units in the eTreasury system.

Medium-term budget planning has improved. Links between the documents covering the governmental program, the mid-term fiscal framework, individual mid-term action plans of sectoral ministries and the annual state budget approved by parliament were strengthened. **Since 2012, software budgeting and results-oriented budgeting were introduced.** Introduction of the results-oriented budgeting requires additional work and is implied within the reform agenda. **PEFA** (Cost and Financial Accountability Assessment), is an assessment tool for public finance management. The assessment methodology provides a thorough, consistent and evidence-based analysis of the performance of public finance management over a specific period of time. This methodology includes 31 indicators that enable assessing budget reliability, public finance transparency, asset and liability management, policy-based strategy and budgeting, budget execution forecasting and control, accounting and reporting, as well as external analysis and audit systems. The assessment and report obtained enables all stakeholders to get an insight into the strengths and weaknesses of the country's public finance management. According to **PEFA's** assessment of the year **2017**, Georgia has managed to make significant progress by eliminating the gaps identified in 2012. A number of activities have been implemented by the Ministry of Finance of Georgia. Among them, in 2015, the program budget methodology was updated, which helped to regulate both contextual and procedural issues when developing industry, sectoral and other types of strategies and action plans. In 2018, the program budgeting methodology was updated for the Autonomous Republics and Municipalities, and the format for drafting budget documents by them has significantly improved, and the process of drafting these documents were also regulated. In 2022, the Public Expenditure and Financial Accountability (PEFA) Self-Assessment Document for 2019-2021 was prepared, as well as the Gender Self-Assessment Report (GRPFM).



As a result of the reforms implemented, the **link between the main areas of the country and the budget has strengthened.** Countrywide industry and sectoral action plans include relevant cost estimates and are consistent with the law on annual budget and the parameters set out in the country's BDD document for a 4-year period.

As a result of the implemented reforms, in accordance with the results of the Open Budget Survey 2021, Georgia was ranked 1st out of 120 countries, thus Georgia is still among the extensive transparent countries.

Significant steps were taken towards the improvement of capital budgeting. Efforts are being made both to refine the budget documentation on capital expenditures in terms of content and to introduce a unified approach aimed at increasing the overall efficiency and effectiveness of public sector investment. A guide and methodology for managing investment/capital projects was developed, on the basis of which a process of gradual introduction of this reform was launched. The government's efforts to fully introduce the public investment management system in the country in line with international practice are aimed at the implementation of further stages of the reform. Among the commitments jointly agreed with the European Union within the framework of financial assistance, as well as in accordance with the Public Finance Management Strategy and Action Plan 2018-2021, further stages of implementation of the investment project management reform in the medium term are envisaged, which is a complex and laborious process. As part of the commitments already made, 14 investment projects were evaluated in 2019 in accordance with the investment project management methodology and attached to the budget of 2020. The new coronavirus (COVID 19) pandemic in the world in 2020-2021 and the related economic recession have affected the forecasts of Georgia's economic parameters and budget revenues, both expenditures and expenditures. A number of economic activities were restricted, and in addition to the costs of treating and diagnosing those infected with the virus, it became necessary to take a number of measures to promote social protection and business for the population. The expenditure part of the budget was significantly limited. Reduced all programs whose non-implementation and / or postponement would not significantly harm the relevant sector, including limiting cultural, sporting and tourism activities due to natural factors (pandemic constraints). Significant reductions in the number of capital projects have affected tourism infrastructure.

Consequently, the implementation of existing investment projects has been delayed, as well as the funds needed to finance new projects have been limited. Nevertheless, in 2021, 11 new capital projects were evaluated, initiated by the Ministry of Regional Development and Infrastructure of Georgia, the Ministry of Economy and Sustainable Development of Georgia, the Ministry of Education, Science, Culture and Sports of Georgia and the Public Defender's Office.

In 2022, under the technical support of the World Bank, an initiative was launched to develop an Electronic Portal for Investment Project Management (E-PIM).

To advance the reform in Investment Project Management (PIM), specialists from both the European Union and the World Bank were engaged. In 2022, this collaboration facilitated active deliberations within a dedicated working group responsible for evaluating investment projects and implementing associated actions. As part of this reform, a series of PIM training sessions were conducted, attended by representatives from various ministries and municipalities. Approximately 45 personnel from different agencies received training in this domain.

The draft law of Georgia titled "On the State Budget of Georgia for 2023" contains details on capital projects. Following the procedures outlined in the methodology and guide, 13 investment/capital projects were assessed.

Significant progress is being observed in introducing the reform of international accounting standards in the public sector. In accordance with the Action Plan for the implementation of international accounting standards in the public sector, key stages were identified for the transition to international accounting standards using the accrual method by 2020.

The area of the unified account of the Treasury was expanded and currently includes local authorities and public agencies, except for schools and kindergartens. Thus, consolidated reports on the budget execution and information of both central and local governments and public agencies are available in real time, by days, months and years. The State Treasury developed necessary regulations for managing cash resources on treasury accounts and started placing free cash funds in commercial banks through auctions held in Bloomberg.

Within the framework of the EU-funded technical assistance, a book titled “Public Finance Management Reform in Georgia”³, was prepared and published, describing reforms implemented during the 10-year cooperation with the EU, as well as future plans. All state institutions involved in the public finance management reform were involved in the preparation of the book.



³ http://mof.ge/images/File/biujeti/European_Union_Finish_14_09_2017.pdf

Basic Fiscal Rules in Georgia

In 2011, Georgia adopted the Organic Law of Georgia⁴ “*On Economic Freedom*” establishing guaranties for economic rights and freedoms. Through this law, the state provides economic rights and freedoms that are designed to form the basis for society development, welfare of people, and the long-term, sustainable growth of the economy. Freedom is the basic principle of economic policy, manifested in a small size of government, responsible macroeconomic policy and low taxes.

Introduction of a new type of national tax, other than excise tax, or an increase in the upper limit of the existing rate according to the national tax, excluding excise tax, is possible only through a referendum.

The following maximal thresholds of macroeconomic parameters are set to provide long-term and sustainable economic growth, population welfare, macroeconomic and fiscal stability:

⁴ <https://matsne.gov.ge/document/view/1405264?publication=2>

Debt Rule

The ratio of the government debt to GDP shall not exceed 60%

Balance Rule

The ratio of the deficit of the unified state budget of Georgia established by the Budget Code of Georgia to the GDP shall not exceed 3%

Revenues Rule

Organic Law prohibits increase of any tax rate except excise



Government Debt includes:

- State debt provided for by the Law of Georgia on State Debt, except for the obligations assumed by the National Bank of Georgia;
- Debt of budget organizations in the form of loan, except for debt taken from budget organizations.

If the budget approved by the Parliament of Georgia does not comply with the limit or limits established by law, the Government of Georgia shall be obliged to develop and submit to the Parliament of Georgia for approval a plan of return within the prescribed limits, the duration of which shall not exceed 3 years.

It is possible to plan beyond the limits of the unified state budget and/or implement the planned parameters:

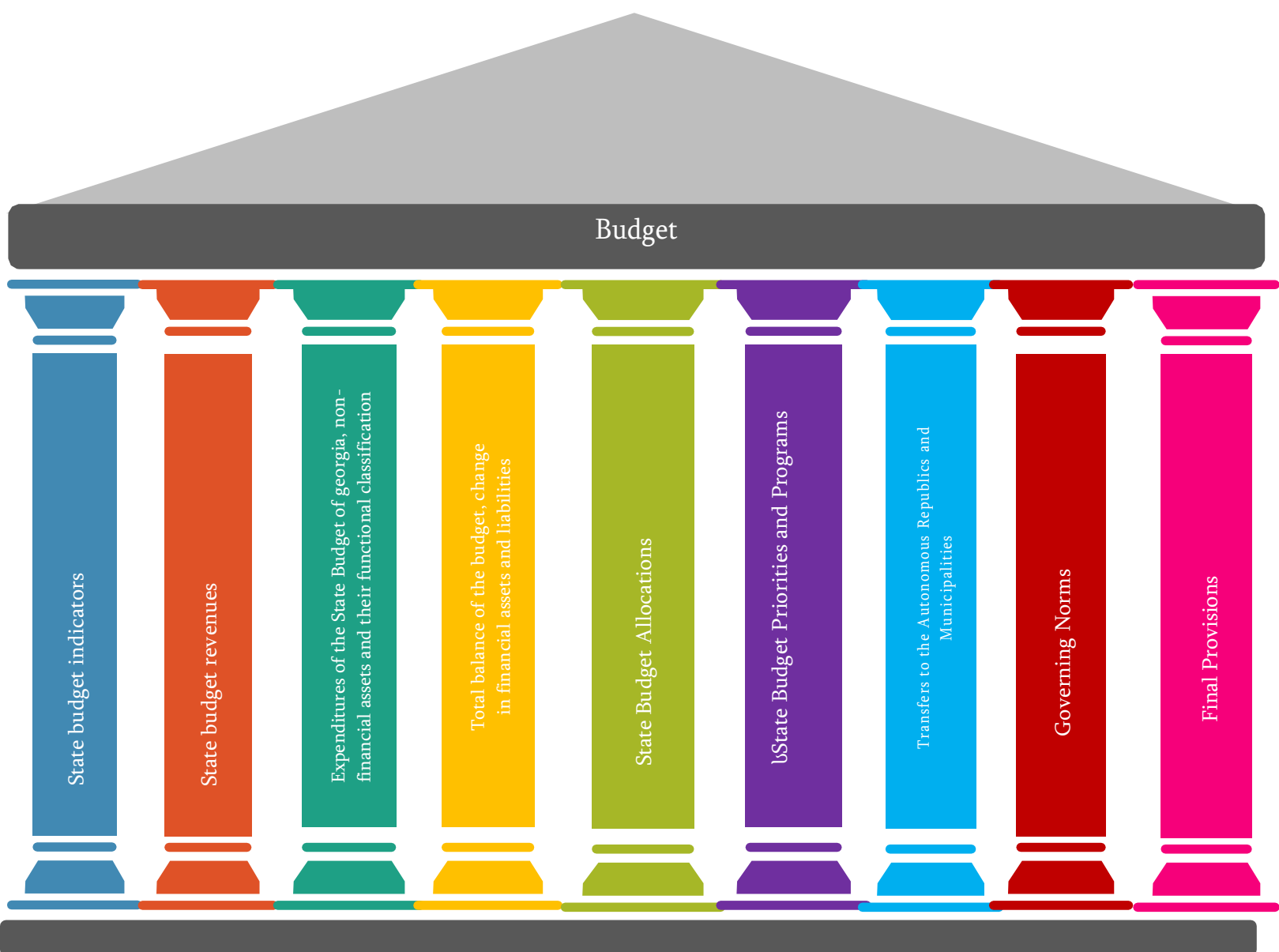
- ✓ In case if a state of emergency or martial law have been declared according to the procedure established by the legislation of Georgia, and if it is necessary to finance measures aimed at eliminating damage resulting from such a state;
- ✓ In case of slowdown of economic growth/recession - if, according to data published by the Legal Entity of Public Law - National Statistics Office of Georgia, the real economic growth rate of the last 2 quarters in a row is 2 percentage points lower than the average real economic growth rate of the last 10 years.

Determination of fiscal parameters for a medium-term period is based on general rules established by the legislation, as well as the analysis of the macroeconomic situation in the country and region

Structure of the State Budget

The structure of the State Budget Law covers following information:

- ❖ The first four chapters outline main parameters of the state budget, including a breakdown of receipts and payments by economic and functional classifications, the size of deficit and its sources of financing, the forecasted amount of state debt, etc.;
- ❖ Chapter 5 presents the priorities set by the budget and provides a description and purpose of programs and sub-programs planned within them (programs are grouped by priorities);
- ❖ In Chapter 6, the programs are grouped by the spending agencies that implement them, and amounts of appropriations allocated to each program are presented. The same chapter also specifies the amount of payments of general state importance;
- ❖ Chapter 7 provides a detailed breakdown of transfers provided for autonomous republics and municipalities;
- ❖ Chapter 8 provides regulatory and transitional provisions of the budget law

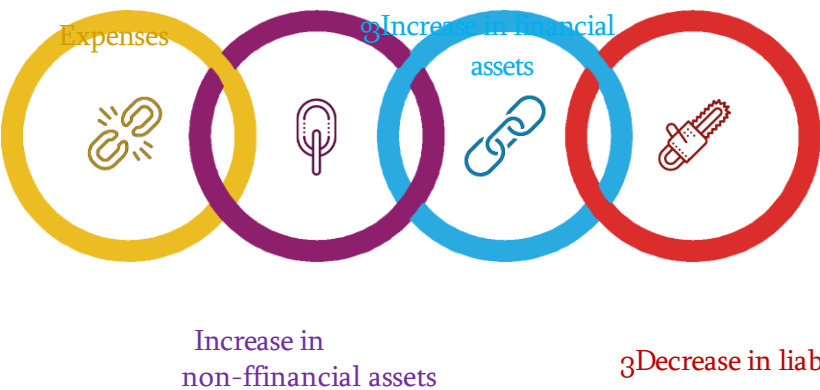
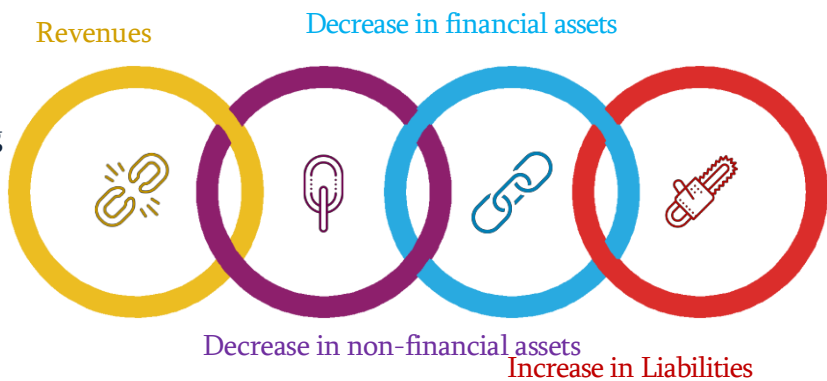


When submitted to the Parliament, the State Budget Law is bolstered by informational annexes to enhance transparency. These annexes provide detailed insights into programs and capital projects:

1. The State Budget Law includes an explanatory card which details forecasts of principal macroeconomic indicators such as nominal and real gross domestic product, economic growth, inflation, and investments.
2. Information on the potential inclusion of recommendations from the Finance and Budget Committee of the Parliament of Georgia regarding revised versions of the draft law "On the State Budget of Georgia for 2023" and the document "Basic Data and Directions of the Country for 2023-2026."
3. The document detailing the basic data and strategic directions for the nation for 2023-2026.
4. Key economic and financial indicators for 2023-2026, covering baseline, optimistic, and pessimistic scenarios. This section showcases the fiscal indicators of the state's unified budget.
5. A comparison of the newly updated medium-term forecasts of significant economic and financial indicators with previous estimates, ensuring alignment with the fiscal regulations stipulated by the Organic Law of Georgia "On Economic Freedom."
6. Analysis of various macroeconomic scenarios, evaluating the influence of different factors on the nation's economic trajectory.
7. An annex dedicated to the program budget, elucidating each program and sub-program, their anticipated outcomes, and evaluation metrics (including baseline and target rates, error probabilities, and potential risks).
8. An annex related to the capital budget, which offers insights into capital projects budgeted for, including details on overall project cost, financing sources, and projected completion dates.
9. Information about fiscal risks, assessing macroeconomic risks and their potential ramifications on the budget. This section includes data on state-owned enterprises and any contingent liabilities emanating from them. Audited findings for these companies, available post October 1st, were analyzed alongside a technical delegation from the International Monetary Fund after obtaining the mentioned results.
10. Data on the government's debt.
11. A comprehensive analysis of government debt sustainability spanning 2022-2032.
12. Information about the central budget encompasses details regarding budgetary organizations overseeing programs planned by the state budget. Additionally, it provides insights into the independent incomes of public law legal entities.
13. Overview of investment/capital projects;
14. Details on tax expenditures, inclusive of sensitivity analyses for chosen profit, income, and VAT tax expenditures.

Revenues and disbursements in the state budget are cataloged using a budget classification system. This system facilitates the grouping of budget revenues and expenditures by their economic characteristics, functional categories, organizational structures, and other pertinent attributes.

Budget revenues are the sum of cash received in the budget during the reporting period.



Budget payments are funds to be issued from the budget in the reporting period.

State Budget Priorities



1. Affordable, quality health care and social security

- ❖ The universal health care program will persist in guaranteeing financial and geographical accessibility to medical services. Designated groups will receive pertinent medical services and medications.
- ❖ Specific beneficiary groups (e.g., the socially vulnerable, elderly, veterans) will continue to receive medications for chronic illnesses. The supporting mechanisms will be refined, and the medication list will be broadened.
- ❖ For public health, initiatives will be undertaken to foster overall population health, advocate for a healthy lifestyle, and counteract communicable and non-communicable diseases. The budgetary support and efficiency of these programs will enhance.
- ❖ The execution of specialized programs aimed at enhancing the populace's social well-being will persist.
- ❖ Pension distribution for the elderly will proceed as per the legislative guidelines. This involves indexing the state pension to economic metrics, ensuring social guarantees for retirees under a regime of modest taxes, and the automatic augmentation of the pension following the stipulated guidelines (a minimum increase of 20 GEL for those nearing retirement age up to 70, and no less than a 25 GEL hike for those aged 70 and above).
- ❖ The methodology for gauging the socio-economic standing of at-risk families and the protocol for allocating subsistence allowances will be refined. Efficient strategies to motivate and foster employment among the capable population will be crafted and employed. Allocation of specialized aid packages for certain groups, such as the disabled, orphaned children, etc., will persist.
- ❖ The socio-economic conditions of internally displaced individuals will see improvement. Allowances designated for displaced individuals, refugees, and those with humanitarian status will remain in place.
To safeguard the rights of workers:
- ❖ The legal and institutional foundations of labor inspection will be fortified.
- ❖ In light of the pandemic stemming from the novel coronavirus (COVID-19):
- ❖ The primary objective in the intermediate term for health and social protection is the management and mitigation of the pandemic and the provision of health services for those afflicted by it. Additionally, it is essential to guarantee the efficacy of current and supplementary (temporary) social security measures in the face of the global crisis induced by the pandemic.

2. Defence, Public Order and Safety

- ❖ The evolution of the national defense system will progress, emphasizing:
 - The rigorous application of the "total defense" strategy.
 - In collaboration with the USA, our primary strategic ally, the execution of the Georgian Defense Readiness Program (GDRP) will move forward. This will involve training and equipping the Defense Forces' infantry battalions.
 - The initiatives outlined in the NATO-Georgia Essential Package (SNGP) will be brought to fruition. Through both bilateral and multilateral avenues, and with robust backing from the Alliance, we will achieve a high degree of NATO compatibility.

- ❖ Social initiatives for personnel will persist:
 - Co-funding for housing developments and other social endeavors will continue.
 - Modernizing military infrastructure remains a key priority. This encompasses comprehensive rehabilitation of all active barracks and dining facilities. Soldiers will benefit from newly established sports amenities, and the internal setup of military bases will be revamped.
- ❖ Law enforcement reforms will be advanced:
 - The transformation of the criminal police, foundational to police operations, will persist. Within the criminal police, clear demarcations between operational, investigative, and precinct functions will be established. The law enforcement officer institution will be cultivated, emphasizing crime prevention.
 - The reformation process for the border police will continue.
 - The patrol police will embark on a fresh phase of reform.
 - The Public Safety Management Center "112" will keep enhancing public and road safety levels, including the expansion and development of video surveillance systems nationwide.
 - Crime deterrence methodologies will be adopted, integrating an analysis-driven policing model. Concurrently, we will expand the cadre of analysts stationed in police units across the nation.
 - A novel family-style penitentiary institution will be introduced, designed to accommodate juveniles sharing similar educational pursuits and goals, allowing them to reside in a familial setting until their release.
- ❖ Enhancing employment opportunities, vocational training, education, and recreation for convicts, and developing suitable systems and infrastructure to serve these needs, especially for vulnerable groups;
- ❖ Enhancing the safety and working conditions for beneficiaries, employees, and visitors in penitentiary institutions and probation offices;
- ❖ Establishing fair and non-discriminatory working conditions for staff in penitentiary institutions and probation offices;

3. Regional Development, Infrastructure, and Tourism

- ❖ Additionally, up to 200 kilometers of highways will be constructed, completing the high-speed road network. Around 200 bridges and 70 tunnels will be established, making the journey from Tbilisi to Batumi approximately 3.5 hours;
- ❖ On the East-West highway, completion of the Rikoti, Samtredia-Grigoleti, Grigoleti-Choloki, and Batumi bypass road sections will be achieved;
- ❖ International highway projects will persist towards all border checkpoints. This includes finishing the 23-km stretch of Kvasheti-Kobi and the 9-km tunnel by 2024. Construction of the Natakhtari-Zhinvali 27-km expressway will commence, alongside roadworks near Batumi-Sarpi, Tbilisi-Sadakhlo, and towards Tbilisi-Red Bridge;
- ❖ Road sections including Bagdati-Abastumni, Sachkhere-Oni, Tbilisi-Shatili, and Batumi-Akhaltzikhe will be developed;
- ❖ Up to 1,500 kilometers of international and domestic roads will undergo rehabilitation. Moreover, the construction and restoration of up to 200 bridge crossings will take place;

- ❖ The nation's populace will benefit from an enhanced water supply.
- ❖ To extend internet connectivity to the nation's high-altitude regions, community internetization initiatives will persist;
- ❖ Efforts will be directed to fully harness the transit potential through telecommunication broadband infrastructure, aiming to establish a digital transit nexus bridging Europe and Asia via Georgia;
- ❖ A unified digital platform will be launched, consolidating all electronic/digital services pertinent to transport consignments;
- ❖ Despite challenges stemming from the Covid-19 pandemic, efforts to revitalize the Georgian aviation market will persist, with an emphasis on attracting new companies and establishing new routes;
- ❖ Restructuring of the railways is anticipated, leveraging the European Union's technical assistance instrument. Active consultations regarding this are ongoing with the European Commission;
- ❖ Gasification endeavors will press on, aiming to cater to 90% of the nation's populace.
- ❖ In 2023, Georgia, in its role as host nation, will feature prominently at the world-renowned ITB Berlin 2023 tourism exhibition;
- ❖ Over the ensuing four years, business tourism development will be prioritized to attract affluent business travelers to Georgia;
- ❖ Regarding mountain ski resorts (Gudauri, Bakuriani, Goderdzi, Tetnuldi, and Hatsvali), the 2020-2024 blueprint involves the enhancement of ski infrastructure and the rollout of year-round tourism offerings;
- ❖ Georgia will host the World Championships in freestyle skiing and snowboarding in 2023. Preceding this championship, 12 international contests will be staged in the country. These events are expected to bring thousands of visitors to Georgia.

4. Education, Science, and Professional Training

- ❖ The commitment to universal access will remain, ensuring continued complimentary early and pre-school education in public institutions;
- ❖ Backing for the launch of school readiness centers will persist, and a "school-garden" standard will be crafted and enacted;
- ❖ Initiatives ensuring a smooth transition from pre-school education to primary general education will be accessible to all children;
- ❖ An integrated electronic platform, showcasing statistical data for children aged 1 to 6, will be established;
- ❖ In line with international benchmarks, the construction of over 50 kindergartens across various municipalities will reach completion. The initiation of new kindergartens will persist, accompanied by the execution of existing infrastructure development initiatives.
- ❖ Innovative models for school governance and financing will be conceptualized and integrated;
- ❖ The progression of devising new educational materials, complemented by revamped grading protocols, will carry on;
- ❖ An alternative bilingual education model will be widely instituted for students in non-Georgian language schools;
- ❖ New regulations governing the teaching profession will be crafted, and ongoing professional development initiatives for educators will align with their specific professional needs;

- ❖ The progression of school infrastructure will persist. Completion of 80 fully-equipped new schools and the partial renovation of approximately 850 public schools is anticipated. 91 structurally deficient public schools will undergo significant rehabilitation or total reconstruction, ensuring environments conducive to student needs are maintained;
- ❖ Efficient operation and maintenance of public schools will be achieved.
- ❖ Methodologies for distance and hybrid learning will be progressively refined.
- ❖ An effective higher education funding system will be rolled out;
- ❖ Educational offerings at Kutaisi International University will broaden, international collaborations will intensify, and recruitment of top-tier foreign academic and research staff will be prioritized,
- ❖ Higher educational institutions will continue to receive funding to enhance infrastructure and the academic environment.
- ❖ Support for independent research entities' scientific endeavors will persist;
- ❖ Globally-accepted peer-review standards and practices will be adopted;
- ❖ A state-of-the-art "scientific city" will commence operations in Tbilisi, housing major institutions within the sector;
- ❖ A national scientific portal will be developed;
- ❖ The volume of scientific grant competitions will surge;
- ❖ Backing for interdisciplinary research, particularly in STEM fields, will amplify;
- ❖ Support for Georgia's research sciences will be bolstered;
- ❖ Efforts will be made to foster collaboration between Georgian scholars and researchers abroad and the Georgian scientific community;
- ❖ A robust institutional mechanism to bolster college capabilities will emerge - in partnership with the private sector, a professional education development agency will be inaugurated, spearheading the evolution of the vocational education system grounded in a public-private partnership model.
- ❖ The involvement of sectoral associations and the private sector in the execution of vocational educational programs will intensify;
- ❖ Recognition of informal education will commence, and the scope of this recognition will widen;
- ❖ To globalize the vocational education system, pathways for international certifications will be established, international exchange programs will be promoted, and emphasis on English language instruction will be reinforced;
- ❖ A digital management system for vocational education will be launched;
- ❖ A vocational education information portal will be developed.

5. Macroeconomic Stability and Enhancement of the Investment Climate

- ❖ The government is committed to a consistent policy of reducing the fiscal deficit. Amid the global crisis triggered by the COVID-19 pandemic and the enactment of Georgia's "Law on Economic Freedom" regarding fiscal policy from 2020-2023, the objective of macroeconomic and fiscal policy is to revert to a 3% deficit benchmark relative to GDP in the medium term.
- ❖ Efforts to enhance the current account balance will persist. The aim by 2024 is to sustain the current level at around 5% of GDP.
- ❖ The autonomy of the country's national bank will be upheld.
- ❖ Given the challenges imposed by the COVID-19 pandemic, there will be a steadfast return to the boundaries established by external debt legislation. Moreover, following the culmination of major

- road and other infrastructure projects, the government, through deficit reduction, will persistently curtail debt.
- ❖ Vigorous efforts will be maintained to secure additional resources and confine capital costs within 8%.
 - ❖ Active strides will continue towards enhancing budget transparency, with a keen focus on bolstering public and stakeholder participation in the budgetary process.
 - ❖ The Public Investment Management (PIM) tool will be extensively adopted, ensuring the state's realization of efficient investments. Employing this tool, the objective is to encompass all investment projects funded by the budget by 2024.
 - ❖ The principle of property rights sanctity will be honored.
 - ❖ The primary policy of the government will emphasize fostering a highly competitive environment for business entities. The institutional framework for competition will be fortified, and the efficacy of the competition agency will be enhanced.
 - ❖ In tax administration, the initiation of the automated declaration system is set to commence, aiming to drastically diminish the time and resources required for businesses to liaise with tax authorities.
 - ❖ The programs run under the aegis of the "Produce in Georgia" initiative will persist, and their efficiency will be monitored and ensured.
 - ❖ By 2024, Georgia aspires to deepen its collaboration with the European Union, aiming to fulfill 85% of the legislative convergence obligations outlined by the Comprehensive Free Trade Area Agreement. This includes meeting 100% of commitments in domains such as state procurement, customs, and technical barriers to trade.
 - ❖ With an objective to ink a free trade agreement with the USA, consultations will be sustained, and negotiations will be conducted based on the outcomes of these deliberations.
 - ❖ Georgia remains steadfast in its economic reform trajectory, a commitment that is expected to further enhance the nation's economic landscape, subsequently boosting the living standards of its citizens.

6. Institutional Development and Safeguarding National Interests

- ❖ The civil service underwent a fundamental reform, transitioning to a robust, integrated public service system underscored by career progression, merit, integrity, political neutrality, impartiality, and accountability.
- ❖ Through the Open Government Action Plans, Georgia addresses every challenge presented by the Open Government Partnership (OGP). These challenges encompass enhancing public services, bolstering public sector integrity, optimizing public resource management, fostering a safer community, and heightening corporate accountability.
- ❖ A local self-governance in line with European standards will be established. This will culminate in the transformation of an outdated, inefficient sectoral-centralized administration into an effective, democratic territorial governance system.
- ❖ Mechanisms for quality control of policy documents will be enhanced, in tandem with the upskilling of civil servants.
- ❖ The standard for monitoring, reporting, and evaluating policy execution will be raised.
- ❖ The institution of evidence-based policy implementation systems will be prioritized and ensured.

- ❖ Initiatives that champion the successful reform of the public service will be deployed. The objective is the realization of a public service system anchored in rationale, efficiency, integrity, depoliticization, high professional standards, and merit-driven career advancement, complemented by ongoing professional development.
- ❖ State and Municipal Services Enhancement:
- ❖ An advanced national strategy for human rights protection will be ratified and set in motion. Its primary objective is to integrate the aforementioned priorities into everyday operations and fortify institutional democracy.
- ❖ Consistent focus will be directed towards the state-sanctioned policy of civil equality and integration, with the execution of a new strategy spanning 2021-2025.
- ❖ Elevating the proficiency level in the state language will be prioritized.
- ❖ State language instructional programs will be bolstered. Considering the requirements of the entire population, these programs will be diversified.

7. State Support and Facilitation of Reintegration for Internally Displaced Persons and Migrants

- ❖ The Government of Georgia remains committed to its efficacious strategy of furnishing IDPs with living spaces.
- ❖ The process of identifying precarious structures and relocating the IDPs residing in them to safer locations will persist.
- ❖ Assistance in facilitating IDPs' access to livelihood sources will continue. This includes supporting small business ventures, promoting collaboration among IDPs, and spearheading agricultural and self-employment social projects.
- ❖ Via resettlement initiatives, an estimated 13,000 displaced families will obtain suitable housing over the subsequent four years. By 2024, there's a plan in place to enhance the living standards of an additional 1,200 eco-migrant families, relocating them to safer habitats.
- ❖ The government will steadfastly uphold its policy of peaceful conflict resolution.
- ❖ The well-being of those living in areas under occupation will remain a priority for the government. Efforts to encourage dialogue across all strata of the estranged society will intensify by devising new avenues of opportunity.

8. Culture, Religion, Youth Promotion, and Sports:

- ❖ Accessibility to culture for the broader public will be enhanced.
- ❖ The diversity of cultural self-expression will be promoted.
- ❖ A culture management model, aligned with European standards, will be introduced, along with an effective financing mechanism.
- ❖ A comprehensive strategy and action plan for the advancement of artistic education will be crafted. Initiatives to enhance accessibility and elevate the quality of artistic education, even for less popular specialties, will be set into motion. Corresponding financing mechanisms will be developed.
- ❖ Initiatives to promote culture to a wider audience, inclusive of students from general education institutions, will be undertaken.
- ❖ Projects centered on the preservation of cultural heritage and monument protection will be launched.

- ❖ Advancements in technology will be leveraged effectively, integrating culture into the digital realm.
- ❖ Continued state funding will be allocated to support both mass and elite sports.
- ❖ A robust system to address sports-related disputes will be established. A framework to safeguard the rights of athletes and involve them in decision-making processes will be instituted.
- ❖ Efforts will be made to refine the mechanisms and platforms encouraging youth participation in youth policy design, execution, assessment, and review.
- ❖ Partnerships and collaborations at the international level focusing on youth policies and initiatives will be augmented.
- ❖ Dedicated programs aiming to empower and involve young people, especially those from ethnic minorities and individuals with disabilities, will be sustained.

9. International Relations and Euro-Atlantic Integration:

- ❖ Georgia's primary foreign policy objective remains the reinforcement of its sovereignty and the peaceful reclamation of territorial integrity.
- ❖ In addition to maximizing the potential of existing Georgia-EU cooperation tools and mechanisms, efforts will be channeled to forge new opportunities that make EU accession more palpable and yield concrete outcomes for Georgia and its citizens.
- ❖ Focused initiatives will be taken in the region, steering a balanced course and fostering a policy rooted in mutually beneficial collaborative partnerships.
- ❖ The welfare of Georgian citizens residing abroad stands as a significant concern. Key areas of focus include:
 - Ensuring the effective protection of the rights and legal interests of Georgian citizens abroad.
 - Broadening the scope of services available to these citizens, leveraging advancements in technology to achieve this aim.
 - Extending the regions offering visa-free travel to Georgian citizens.
 - Enhancing the capability of Georgia's Ministry of Foreign Affairs, its diplomatic missions, and its consular offices abroad to respond adeptly in potential crises.

10. Agriculture:

- ❖ Programs pertaining to agriculture will be directed towards enhancing both the quality and quantity of local products.
- ❖ To augment access to financial tools and to support the processes of primary production, processing, and storage-sale within the agricultural sector, continuous provision of affordable financing will be ensured for both individuals and legal entities.
- ❖ Ongoing initiatives will be expanded, including:
 - Promotion of primary production of both annual and perennial agricultural crops.
 - Co-financing programs for processing and storage facilities.
 - Support for greenhouse establishments through co-financing.

- Co-financing initiatives for agricultural machinery acquisition.
 - Existing programs focusing on livestock development.
 - Promotion of sustainable aquaculture development in both marine and inland waters.
 - Ensuring access to vital infrastructure and services.
- ❖ The quality and accessibility of agricultural resources and inputs will be guaranteed.
 - ❖ To mitigate risks for those engaged in agricultural endeavors, the agro-insurance program will be refined and sustained.
 - ❖ Efforts will intensify to explore new market avenues and bolster positions in established markets.
 - ❖ Dedicated programs will be formulated to invigorate young farmers and entrepreneurs in the countryside.
 - ❖ Initiatives specifically targeting the growth of female farmers and entrepreneurs will be launched.
 - ❖ From 2020 to 2024, there will be a sustained focus on elevating the knowledge and awareness of farmers and entrepreneurs in line with contemporary standards.
 - ❖ Alignment of the food safety, veterinary, and phytosanitary sectors with the relevant EU legislation, as outlined in the DCFTA plan, will persist;
 - ❖ Enhanced laboratory studies will be initiated to combat the production of counterfeit and substandard wine in both the local and export markets;
 - ❖ A significant focus will be given to advancing bio-production and promoting environmentally adapted, climate-friendly agricultural practices.

11. Judicial System:

- ❖ The systematic fortification of the judiciary will persist and intensify, with a primary focus on bolstering its independence and enhancing public confidence in the judicial system.
- ❖ Efforts will be directed towards ensuring an effective and internationally-compliant investigation and prosecution in cases of domestic violence, torture, ill-treatment, and violations of minority rights.
- ❖ There will be advancements in the electronic management of criminal proceedings.
- ❖ Deployment of an electronic module to manage prosecutors' tasks is anticipated.
- ❖ Measures will be taken to heighten the transparency of the prosecutor's office operations and ensure its accountability to the citizenry.
- ❖ Enhancements will be made to the witness and victim coordinator institution.
- ❖ Specialized training for prosecutors handling juvenile criminal cases will be provided. Concurrently, improvements in juvenile-related statistical data collection and the creation of a juvenile-centric environment will be prioritized.
- ❖ The professional training and qualification system for employees of the prosecutor's office will undergo refinements.
- ❖ Continual revisions of the criminal law code are on the agenda to align it with international standards. These changes aim to bolster crime deterrence while safeguarding human rights.
- ❖ To establish a robust system for public safety and law enforcement, the evolution of the Ministry of Internal Affairs will persist in alignment with the "systemic renewal" concept. This concept

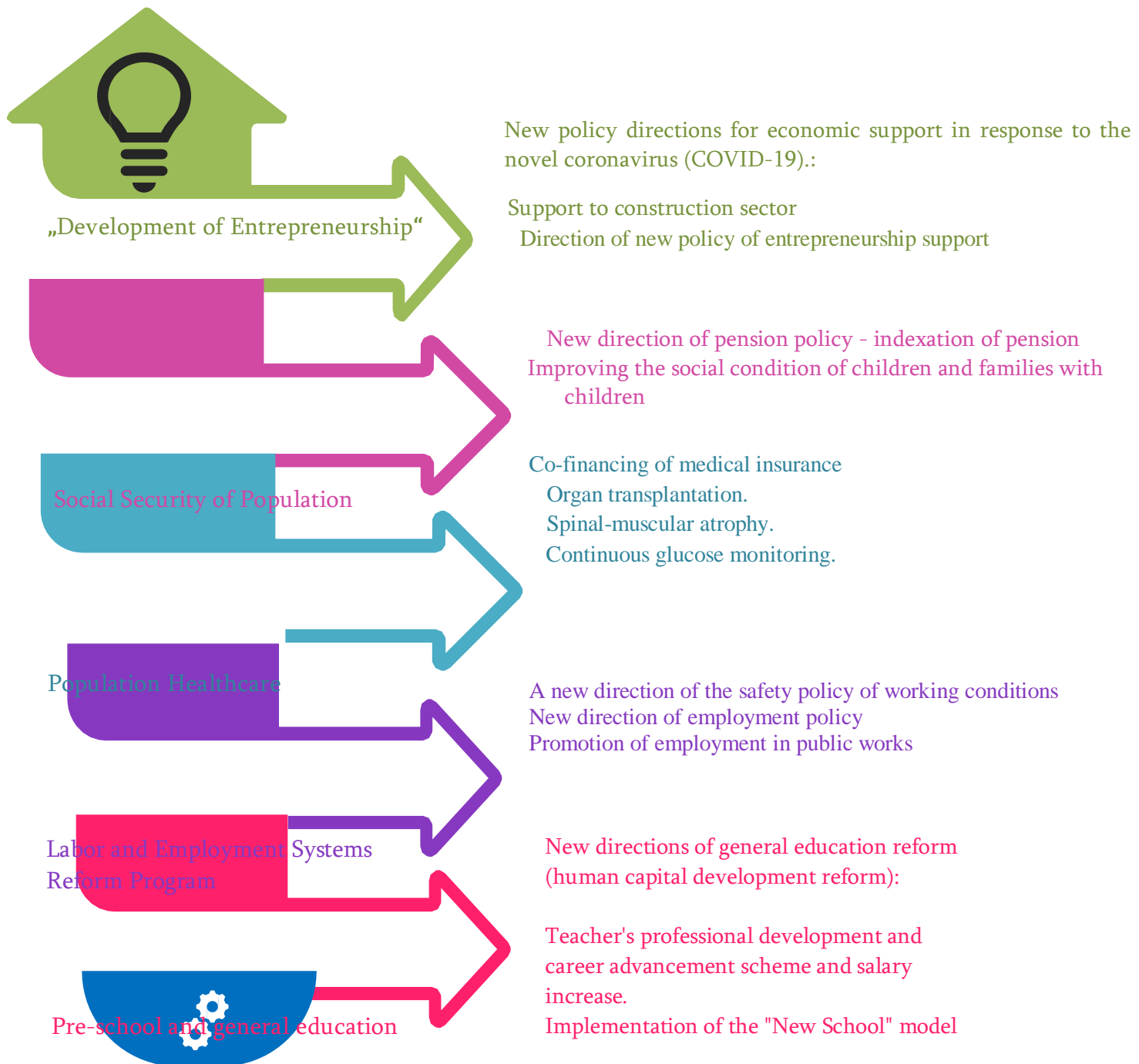
encompasses both structural overhauls and profound operational transformations, coupled with legislative amendments.

12. Environmental Protection and Natural Resources Management

- ❖ Environmental norms will align more closely with European standards. As part of the Green Climate Fund initiative, there's a plan for a significant augmentation of the hydrometeorological observation network. From 2020 to 2024, around 150 automatic observation stations/checkpoints will be procured and set up across various Georgian regions to monitor meteorological and hydrological parameters.
- ❖ Efforts to broaden the monitoring and assessment systems for ambient air and water quality will persist.
- ❖ Given the country's socio-economic dynamics, there will be a continued focus on fulfilling the populace's demand for wood resources. An emphasis will be on the versatile utilization of forests, which promises environmental, economic, and social dividends.
- ❖ In the span of 2020-2024, there are plans to inaugurate new protected zones and augment some of the pre-existing ones, summing up to approximately 185,000 hectares. This period will also see the establishment of new ecotourism infrastructures.
- ❖ Initiatives that bolster environmental education and nurture environmental consciousness will be sustained. This entails the infusion of environmental topics into school curriculums and higher education systems.
- ❖ To enhance the oversight of forest resources both online and locally, a state-of-the-art monitoring system, incorporating photo traps, drones, and surveillance equipment, will be adopted.
- ❖ There will be a phased introduction of a segregated waste collection framework nationwide, complemented by an encouragement of waste recycling.
- ❖ Enhancements will be made to the nuclear and radiation safety protocols, and a novel infrastructure, in line with European standards, will be set up for radioactive waste management.



New Policy Directions



Entrepreneurship Development

Revised Economic Support Policies in Response to the New Coronavirus (COVID-19):

- ✓ **Support for the Construction Sector:**
To mitigate the economic downturn resulting from the COVID-19 pandemic, there's an emphasis on supporting the construction/development sector. Specifically, the initiative involves the continuation of mortgage loan subsidies. This ensures loan repayments issued under this initiative during the crisis phase. As a component of the mortgage interest subsidy undertaken by the state from June to December 2020, a subsidy on mortgage loans up to 200,000 GEL will be provided for five years at an amount of 4%, less the refinancing rate.
- ✓ **New Entrepreneurship Promotion Policy:**
Within the entrepreneurship promotion program framework, a comprehensive business support initiative was introduced on September 1, 2021. The component facilitating financial access for the industrial sector was broadened. With this revamped all-encompassing strategy, new enterprises find it simpler to access financing. Program beneficiaries can leverage state co-financing for loans, based on their business type. They can also engage in the credit-guarantee scheme (enabling co-participation in state loan provisions), and avail loan interest subsidies determined by the refinancing rate and key activity areas. Furthermore, beneficiaries executing these initiatives will receive an additional grant co-financing amounting to 15% of the utilized loan. This program also encompasses a small grants segment.

Funding for the updated universal business support program, within the entrepreneurship promotion framework, derives from both the state budget and allocations from the World Bank.

Social Security of the population

✓ *New direction of pension policy - pension indexation*

In order to ensure adequate financing of social guarantees for the population of retirement age and at the same time fiscal policy sustainability, calculate the amount of state pension in accordance with the index of state pension defined by the Law of Georgia on State Pension in accordance with the Law of Georgia on Funded Pensions. In particular, the annual increase in the old-age pension for retirees under the age of 70 - with an average inflation rate of the last 12 months, but not less than GEL 20, And for retirees aged 70 and over - by the sum of the average inflation rate for the last 12 months and the arithmetic average of the real GDP growth rate for the last 6 quarters, but not less than GEL 25.

At the end of 2026, the state pension will be determined:

- o For retirees under the age of 70- In the amount of not less than 355 GEL;
- o For retirees aged 70 and over- In the amount of not less than 450 GEL.

New direction of social protection to improve the social situation of children and families with children

To enhance the social well-being of children and families with children, families listed in the unified database of socially vulnerable families (with a rating score of 120,000 or less and housing children under 16 years of age) receive an augmented monthly assistance. The aid has been increased from 50 GEL to 100 GEL, and starting from June 1, 2022, it will be raised further to 150 GEL.

Population Healthcare

- ✓ A new direction of providing medical services to the population - co-financing of medical insurance

In 2021, a new initiative to provide medical services was introduced: co-financing of medical insurance. This co-financing, valued at 25 GEL, will continue for ambulance brigade members (4,500 staff) and rural doctors/nurses (comprising 3,000 professionals) throughout the forthcoming mid-term period.

- ✓ A new direction of providing medical services to the household - organ transplantation

Starting from 2022, the financing for bone marrow transplantation for individuals diagnosed with oncohematological conditions and liver transplantation for those with liver disorders (excluding individuals from Tbilisi and the Autonomous Republic of Adjara) will persist.

- ✓ A new direction of providing medical services to the population - spinal muscular atrophy

The provision of treatments for spinal-muscular atrophy began in 2022 under the umbrella of supplying specialized medications to patients with rare diseases. This initiative will persist, ensuring patients with spinal-muscular atrophy receive the necessary medications.

- ✓ A new direction of providing medical services to the population - continuous glucose monitoring

Continuous glucose monitoring was inaugurated in 2022. This program ensures children under the age of 18 receive a continuous glucose monitoring (automatic) system to prevent hyperglycemia, hypoglycemia, and to effectively manage diabetes.

Labor and Employment Systems Reform Program

- ✓ A New Direction for the Safety Policy of Working Conditions:

Considering the changes made in labor legislation (the Organic Law of Georgia "On Labor Safety" and the Labor Code of Georgia), the Labor Inspection Service was established to fully realize the functions of labor inspection. This service ensures the comprehensive effectiveness of labor rights and enhances the existing enforcement mechanism. The institutional and structural framework of labor inspection will be fortified. The objective is to substantially bolster the protection of employees' labor rights by developing a new, independent, and comprehensive labor inspection mechanism. This includes conducting inspections to

prevent discrimination, sexual harassment, forced labor exploitation, and to ensure gender equality. In the medium term, facilities will be inspected for labor safety.

✓ **New Direction for Employment Policy:**

To ensure the effective implementation of state policy in the domain of labor and employment promotion, the State Employment Promotion Agency was established. This agency works to increase both the quantity and quality of employment. It conducts an active employment promotion policy aimed at connecting job seekers with businesses and aligning job seekers' qualifications with business requirements in the country. Measures to promote employment are implemented, aiming to stimulate the labor market effectively, which in turn will enhance the well-being of citizens and the rate of economic growth.

✓ **Promotion of Employment in Public Works:**

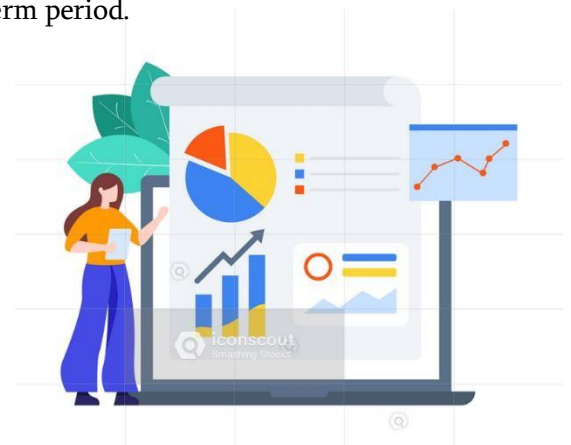
This initiative promotes the employment of socially disadvantaged yet able-bodied individuals in public works. This is achieved through the execution of an active labor market policy.

New Directions of General Education Reform (Human Capital Development Reform):

✓ **Teacher's Professional Development, Career Advancement, and Salary Increase**

As part of the ongoing education reform, efforts to advance the next phase of teachers' professional development and career progression are underway. This reform emphasizes the enhancement of current teachers' professional development, providing them with incentives to elevate their standings in the career ladder, and aims to gradually have senior, leading, and mentor teachers replace current practicing teachers in the system.

Additionally, in 2023, mirroring previous years, the allowances for senior, leading, and mentor teachers (totalling over 43.8 thousand educators) were augmented by 100 GEL. Such increments in teachers' allowances are projected to continue in the forthcoming medium-term period.



✓ Implementation of the "New School" Model

In the coming years, the deployment of the "New School" model will be sustained in all public schools nationwide. This initiative strives to bolster the execution of third-generation national curriculums and guarantees the operation of school and teacher support groups throughout the country. These groups encompass specialists in every subject area, elementary education experts, technology aficionados, inclusive education professionals, leadership experts, and coordinators for the national curriculum's rollout. As part of this reform, activities grounded in intensive coaching principles will be undertaken:

- Formulating and nurturing school curricula rooted in constructivist teaching and learning principles.
- Instituting an evaluation system – both internal and external – that emphasizes support and guidance.
- Incorporating technology in schools to enrich communication, teaching, and learning methodologies. This includes the development of digital programs such as "We Learn Through Play", "Digitizing the Learning Process", and the Georgian LLMS.
- Launching a self-assessment mechanism in schools, enabling them to acquaint themselves with national curriculum requisites, receive annual updates on student progression assessments and school culture research, and thereby discern their own needs to meet the national curriculum standards.
- Furnishing schools with requisite digital tools and state-of-the-art science laboratories.



Planned Activities

Budgetary Allocations for Healthcare, Social Protection, and Education

The budget for the Ministry of Health Care and Social Protection has seen an augmentation of over 831.0 million GEL compared to the initial approved budget of 2022. With the adjustments made in the 2022 budget, the Ministry's financing rose by 620.9 million GEL. This increment encompasses:

- Pensions for those aged 70 and above have been raised by 65 GEL, now standing at 365 GEL. For pensioners in highland settlements, this figure will be nearly 440 GEL.
- Pensions for individuals below 70 years have increased by 35 GEL, settling at 295 GEL. In highland areas, this will be 355 GEL.
- Beyond the pension, there's a notable rise in the social allowance for disabled individuals by 65 GEL and a 35 GEL increase for other disability categories.
- Children's social assistance saw a year-long enhancement, increasing to 150 GEL from June and an additional hike of 50 GEL from July 2023.
- An extensive expansion of the chronic medication program is projected.
- Regarding housing for the displaced, construction of residential complexes comprising 7,000 apartments is initiating, with a 2023 allocation of over 225.0 million GEL. The current year's budget will contribute more than 50.0 million GEL to this cause.

The Ministry of Education and Science's budget has surged by over 345.0 million GEL, making the total education funding rise by 550.0 million GEL. This allocation includes:

- Public school teachers will receive a 125 GEL increase in their stipend.
- Bailiffs are set to enjoy a salary boost of 125 GEL.
- Administrative staff of public schools are earmarked for a 10% salary raise.
- Vocational school teachers are slated for an hourly wage increment, from 15 GEL to 18 GEL.
- Rehabilitation and construction of more than 500 public schools are set to commence, with a 2023 provision of up to 300.0 million GEL.
- Under the human capital development reform, computer laboratories will be established in public schools.
- The construction and rehabilitation program for pre-school education institutions begins, allocated a budget of 100.0 million GEL.
- Given the increased revenues for municipalities, salaries for kindergarten employees are expected to rise by 100 GEL.

In the past 5 years, 2022 saw the first implementation of a salary increase in the public sector. However, it's worth noting that the average salary in the private sector rose more significantly this year compared to the public sector. Alongside the initial draft of the budget, a supplementary draft law was introduced. This law outlines the core principles guiding future salary increments in the public sector. In 2023, public sector employees can anticipate a 10% wage increase. An exception is made for police officers and soldiers, who will receive a wage boost of 20%.

From the consolidated budget, over 6 billion GEL is earmarked for infrastructure development, broken down as follows:

- Over 1.7 billion GEL is allocated for road infrastructure enhancement, with more than 1.2 billion GEL dedicated to constructing high-speed highways.
- Municipal infrastructure development is set to receive more than 2.1 billion GEL.
- Water supply and drainage improvements have been allocated up to 520.0 million GEL.
- Educational infrastructure will benefit from an allocation of up to 550.0 million GEL.
- Tourist infrastructure development is budgeted at more than 200.0 million GEL, while agriculture gets an allocation of over 590.0 million GEL.

Compared to the initial 2022 budget, the funding for the Ministry of Defense, the Ministry of Internal Affairs, and the Security Service has increased by over 525.0 million GEL. To facilitate the 20% salary increment for policemen and soldiers, more than 290.0 million GEL has been set aside. On a broader scale, a 10% salary increase is anticipated across the public sector. However, in light of current challenges, salaries for police and military personnel will surge by double the rate for other public servants. Additionally, compared to the revised 2022 budget, there's a funding surge of 350.4 million GEL in this sector.

To enhance the living conditions of policemen and soldiers, there are plans to build residential apartments.

Furthermore, substantial resources are allotted for bolstering defense capabilities and ensuring the efficient operation of police and security services.

Main Macroeconomic Parameters

By 2023, primary macroeconomic indicators are set with relative conservatism, and concurrently, fiscal consolidation is sustained. Specifically:

- A real economic growth of 5% is projected. This metric will be consistent over the medium-term period.
- The GDP deflator forecast is set at 5%, with predictions stabilizing around 3% in the subsequent years.
- The nominal GDP is projected at 79.7 billion GEL. The per capita gross domestic product is anticipated to be nearly 7,900 US dollars (an adjustment primarily attributed to the effects of a fortified exchange rate). By 2026, the nominal gross domestic product is projected to rise beyond 101.0 billion GEL, equating to 10,000 USD per capita.
- Tax revenues for the consolidated budget are projected at 18.9 billion GEL, representing 23.7% of the GDP.
- The consolidated budget deficit stands at 2.8% of the GDP, with government debt maintained below 39% of GDP.

Due to pandemic response financing measures, the scale of recurrent expenditures surged notably in 2020-2021. In relation to GDP, it was 26.3% in 2020 and 24.6% in 2021. The estimated recurrent expenditure for 2022 is set at 15.7 billion GEL, or 21.8% of the GDP. For 2023, it's projected at 17.4 billion GEL, equivalent to 21.9% of the GDP, and will gradually decline to 21.1% between 2024 and 2026.

Despite the pandemic, the funding for capital projects remained relatively stable in 2020-2021. As a proportion of GDP, it accounted for 9.0% in 2020 and 8% in 2021. The anticipated capital expenditure for 2022 stands at 6.1 billion GEL, equating to 8.4% of GDP. Similarly, the capital expenditure for 2023 is projected to be 6.1 billion GEL, or 8.1% of GDP. In the subsequent years, in line with fiscal consolidation, capital project financing as a fraction of GDP will decrease and stabilize around 7.0%.

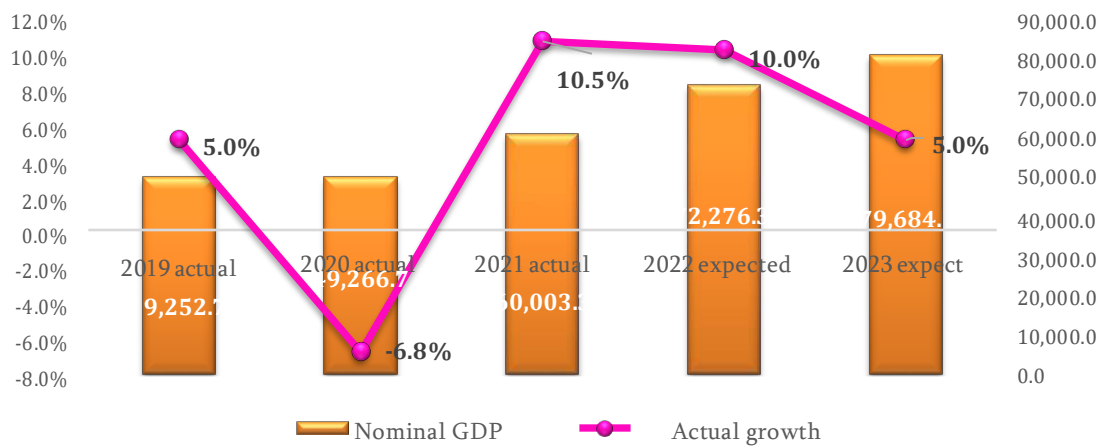
In accordance with Article 2, Paragraph 7 of the Organic Law of Georgia titled "On Economic Freedom", the forecasted thresholds set by the first paragraph of the same article are specified as:

- For 2023, the negative net balance of the consolidated state budget is pegged at 2,261.0 million GEL, representing 2.8% of the anticipated gross domestic product (GDP). The stipulated threshold is 3% of GDP.
- By the close of 2023, the government of Georgia's debt ceiling is set at 38.3% of the GDP. The benchmark estimate for the present value of commitments made under public-private partnership projects, as of January 1, 2022, stands at 0.5% of GDP, culminating in a total of 38.8% of GDP. The defined threshold for this is 60% of GDP.

Regarding the adjusted deficit of the consolidated budget as calculated by the International Monetary Fund's guidelines, it amounts to 2,261.0 million GEL, which equates to 2.8% of GDP.

:

Item	2019 Actual	2020 Actual	2021 Actual	2022 anticip	2023 expected	2024 expected	2025 expected	2026 expect
real GDP (growth rate) Nominal	5.0%	-6.8%	10.5%	10.0%	5.0%	5.2%	5.2%	5.0%
GDP (million GEL)	49,252.7	49,266.7	60,003.3	72,276.3	79,684.6	86,343.2	93,557.8	101,182.2
GDP per capita (USD)	4,696.2	4,255.7	5,015.3	6,663.8	7,916.1	8,577.6	9,294.3	10,051.8
Consumer price index (over the average period)	4.9%	5.2%	9.6%	11.9%	5.3%	3.0%	3.0%	3.0%
Consumer price index, end of period (year-end inflation)	7.0%	2.4%	13.9%	9.6%	3.4%	3.0%	3.0%	3.0%
Current account (in % of GDP)	-5.8%	-12.5%	-10.4%	-5.7%	-6.4%	-5.6%	-4.9%	-4.1%
GDP deflator	5.2%	7.3%	10.3%	9.5%	5.0%	3.0%	3.0%	3.0%
Government debt as % of GDP	40.4%	60.1%	49.7%	39.6%	38.3%	37.8%	37.2%	36.4%

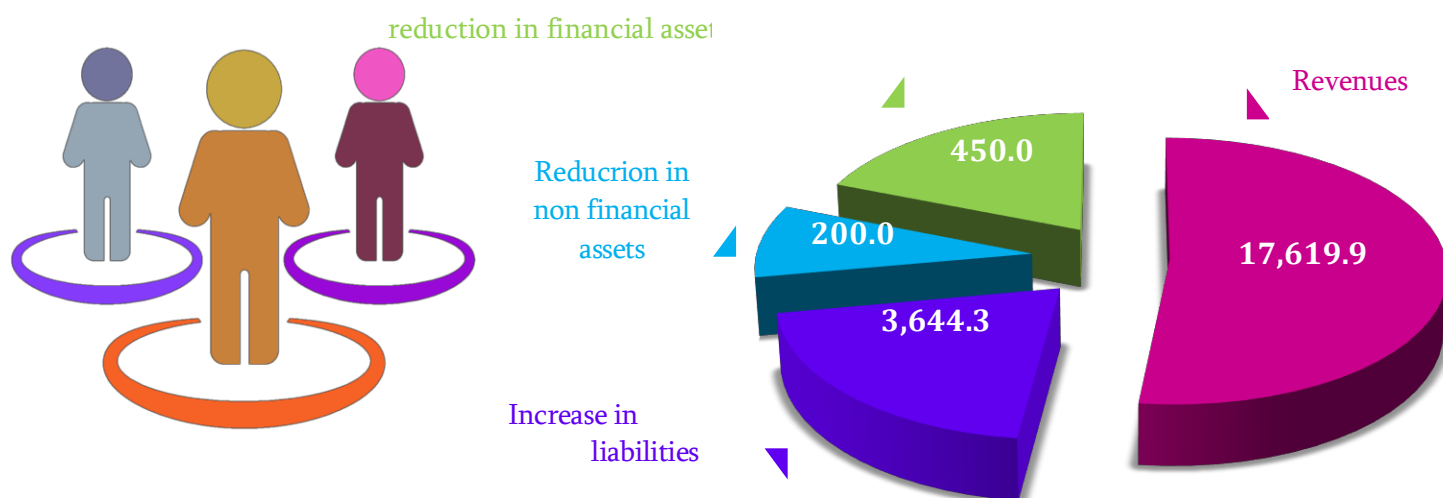


Budgetary Revenues

The projected revenue for the 2023 State Budget Law is pegged at 21,914.2 million GEL. This is an increase of 1,465.2 million GEL from the 2022 figure and represents 27.5% of the gross domestic product.

Structure of state budget revenues

Mln GEL



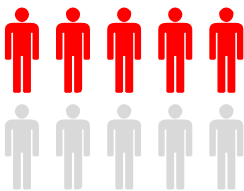
State Budget Revenues

80.4% of the state budget revenues for 2023 are revenues which amount to 17,619.9 million GEL, which is 22.1% of the gross domestic product.

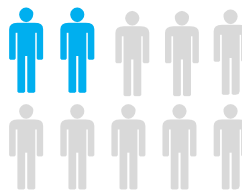
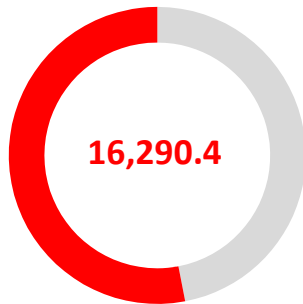
Structure of state budget revenues

mln GEL

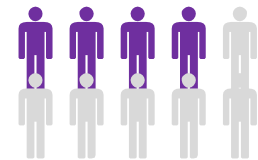
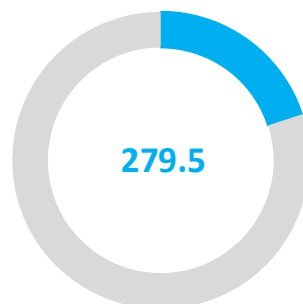
Item	2021	2022 plan	2023 plan	deviation
	actual			(2023-2022)
Revenues	12,750.2	16,357.4	17,619.9	1,262.5
Taxes	11,439.5	14,964.7	16,290.4	1,325.7
Grants	487.1	342.7	279.5	-63.2
Other revenues	823.6	1,050.0	1,050.0	0.0



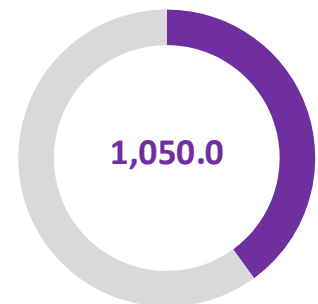
Taxes



Grants



Other revenues



Taxes

According to the 2023 State Budget Law, the projected tax revenue stands at 16,290.4 million GEL, broken down as follows:

- The income tax forecast is set at 5,140.0 million GEL, representing 6.5 percent of GDP.
- The profit tax forecast is set at 2,000.0 million GEL, representing 2.5 percent of GDP.
- The projected rate for value added tax is 6,670.4 million GEL, accounting for 8.4 percent of GDP.
- The excise duty estimate is 2,100.0 million GEL, which is 2.6 percent of GDP.
- The import tax forecast is set at 130.0 million GEL, amounting to 0.2 percent of GDP.
- Other taxes are projected at 250.0 million GEL, equivalent to 0.3 percent of GDP.
- In the 2023 state budget law draft, the projected tax revenue surpasses the 2022 plan by 1,325.7 million lari. Tax revenues constitute 92.5% of the state budget revenues and 20.4% of the gross domestic product.

Grants:

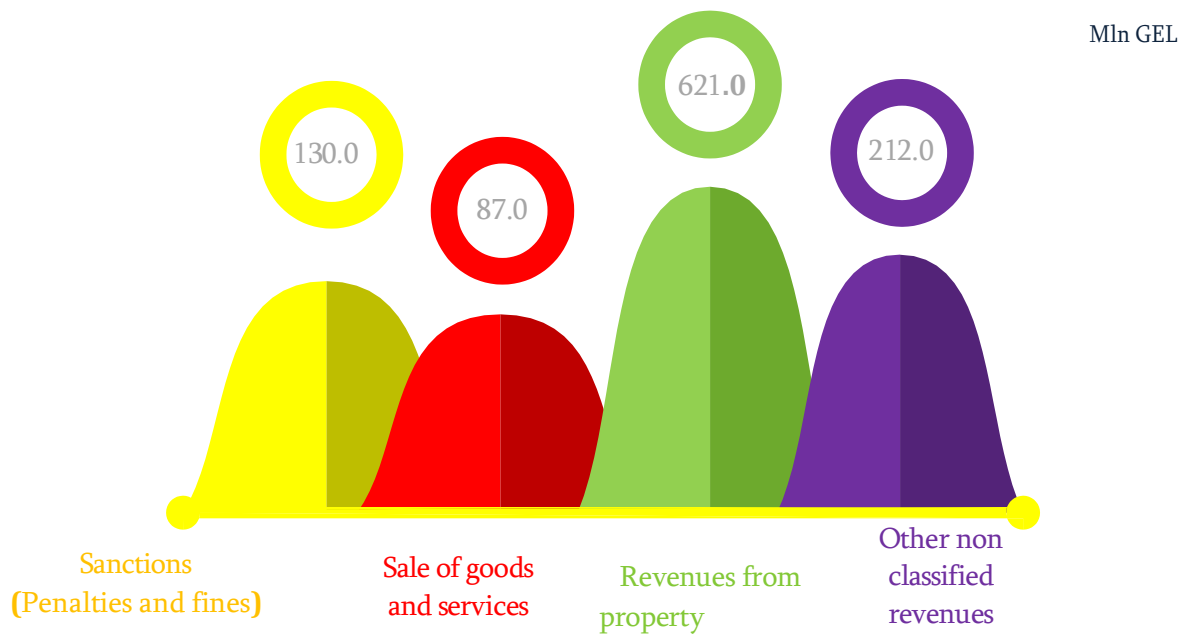
The projected grant amount in the 2023 State Budget Law is 279.5 million GEL, detailed as:

- Budget grants: 135.0 million GEL.
- Investment grants: 44.5 million GEL.
- Per Article 35 of the Budget Law, grants transferred from LGUs' income to the budget: 100.0 million GEL.

Grants are forecasted to be 1.6% of the budget revenues and 0.4% of the gross domestic product.

Other Income:

The projected other revenues in the 2023 State Budget Law match the 2022 plan, totaling 1,050.0 million GEL. This constitutes 6.0% of the state budget revenues and 1.3% of the gross domestic product.



Decrease in Non-Financial Assets:

For 2023, the anticipated revenue from the reduction of non-financial assets is 200.0 million GEL, which is 100.0 million GEL less than the 2022 figure.

Decrease in Financial Assets:

The reduction in financial assets is projected to be 450.0 million GEL, marking an increase of 300.0 million GEL from the 2022 value.

Increase in Liabilities:

For 2023, the State Budget Law has allocated funds totaling 3,644.3 million GEL for the rise in liabilities. This comprises:

- a) Issuance of state securities contributing to a liability increase of 1,400.0 million GEL.
- b) Funds secured from the World Bank (WB) under the Development Policy Measure-2022 program (DPO-2022) amounting to 110.0 million GEL.
- c) Funds from the French Development Agency (AFD) under the Energy Sector Reform Program (AFD)-6, totaling 110.0 million GEL.
- d) Receivables from the Asian Development Bank (ADB) for the railway sector reform program amounting to 70.0 million GEL.
- e) Funds secured from the World Bank (WB) under Georgia's human capital program totaling 28.0 million GEL.
- f) Funds under the climate-adapted development program for the irrigation sector from:
 - The French Development Agency (AFD) amounting to 41.0 million GEL.
 - The Asian Development Bank (ADB) amounting to 41.0 million GEL.
- g) Long-term, concessional loans granted to the Government of Georgia by international financial institutions and foreign country governments amounting to 1,844.3 million GEL. .

1,218.5 million GEL is provided for repayment of state debts in the 2023 budget.



State Budget Receipts

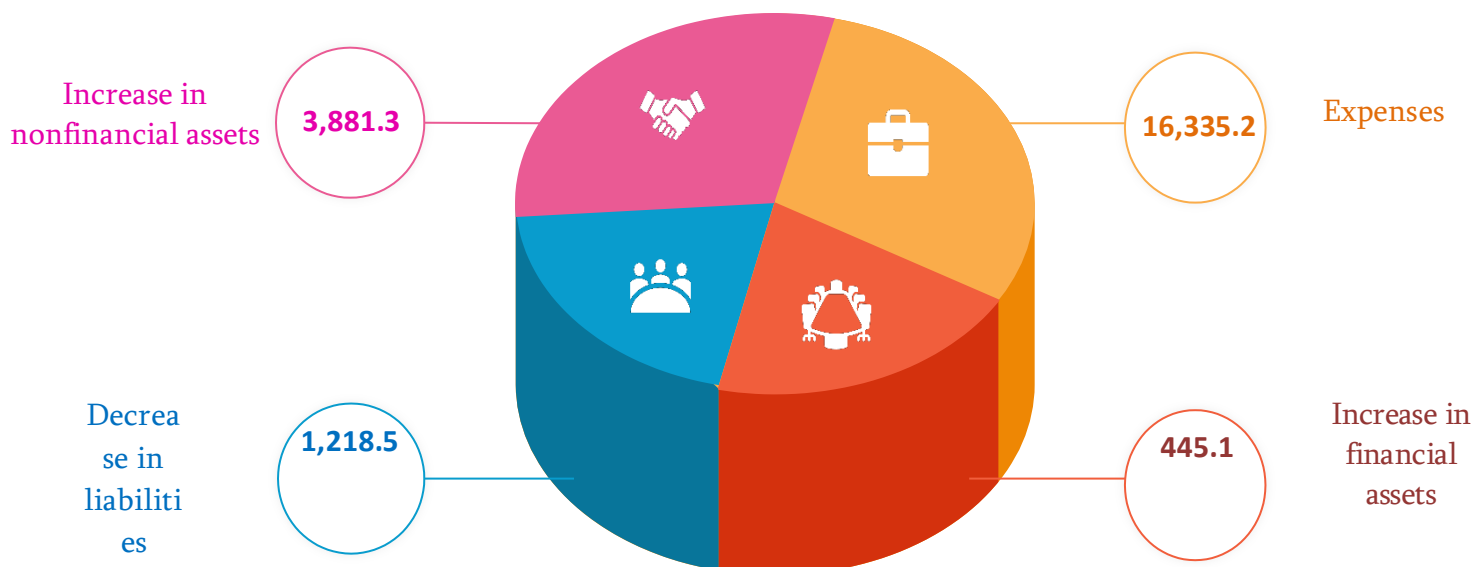
According to the 2023 state budget law, the total amount of receipts is planned to be 21,880.1 million GEL, which is 1,694.1 million GEL more than the approved budget of 2022, and it is 27.5% of the gross domestic product.

Mln GEL

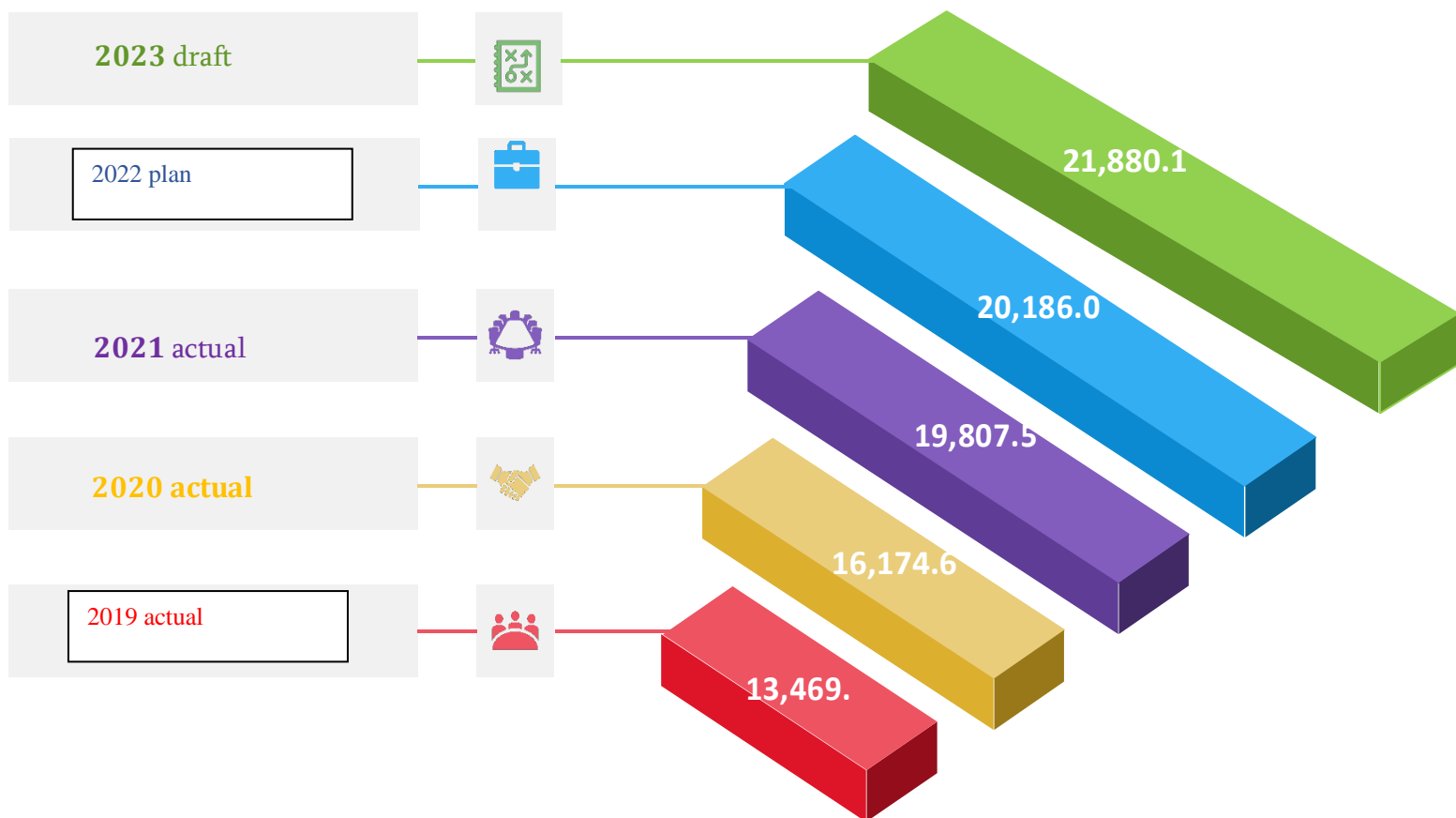
Description	2021 actual	2022 plan	2023 plan
Payments	19,807.5	20,186.0	21,880.1
Costs	14,197.9	15,342.9	16,335.2
Increase in non financial assets	2,544.2	3,269.5	3,881.3
Increase in financial assets (excl. balance)	323.2	486.6	445.1
Decrease in liabilities	2,742.2	1,087.0	1,218.5

Structure of Receipts

Mln GEL



State Budget Receipts (mln GEL)

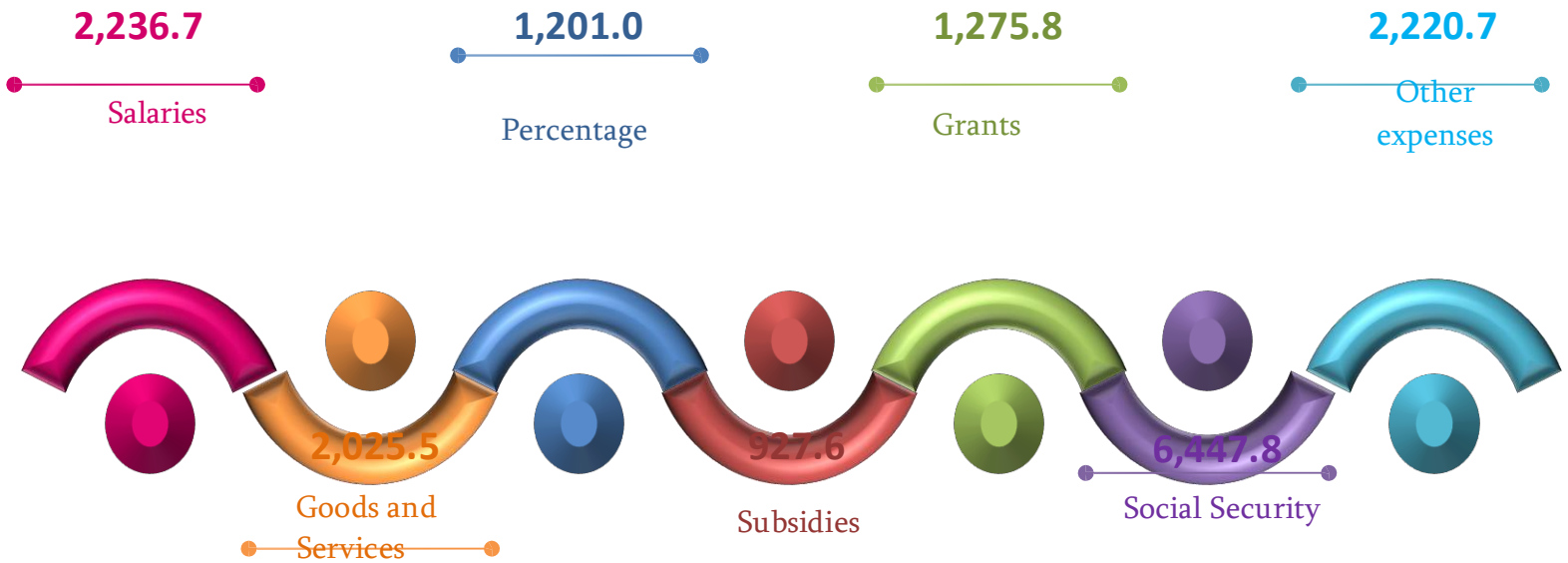


Expenditures

In 2023, the total volume of expenses of the state budget law is 16,335.2 million GEL. In addition to non-financial and financial asset growth items, 590.0 million GEL for capital expenses are provided in the item of other expenses, and 950.5 million GEL in the item of grants.



Expenditures Structure (million GEL)



Growth in Non-Financial Assets:

The provision for the increase in non-financial assets in the 2023 State Budget Law is set at 3,881.3 million GEL, an increase of 611.8 million GEL from the 2022 figure. This represents 4.9% of the GDP.

Growth in Financial Assets:

For 2023, the provision for the increase in financial assets is set at 445.1 million GEL, marking a decrease of 41.5 million GEL from the 2022 value. This growth constitutes 0.6% of the GDP.

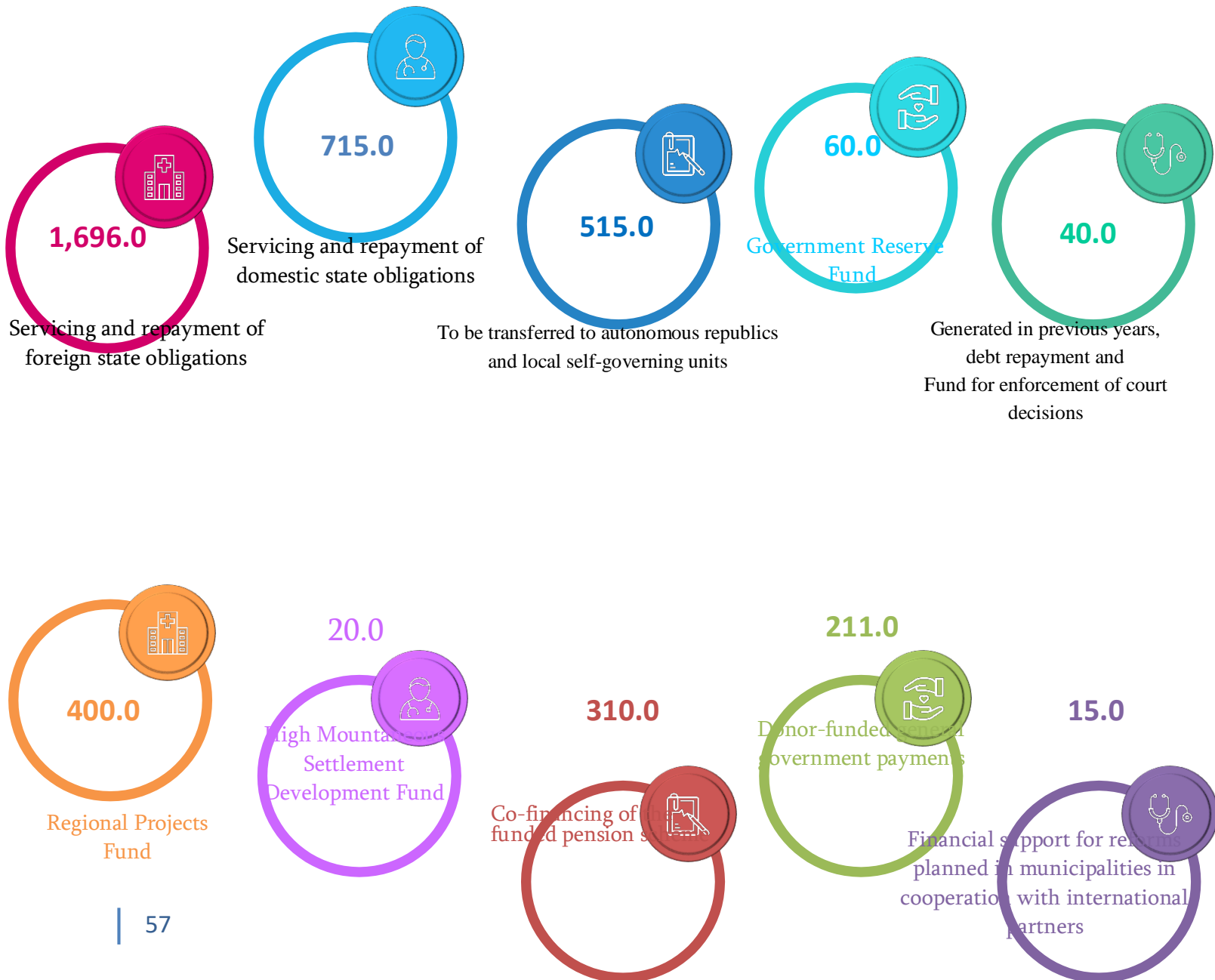
Decrease in Liabilities:

The 2023 State Budget Law allocates 1,218.5 million GEL for the reduction in liabilities. Out of this, 1,175.6 million GEL will go towards settling foreign state liabilities, while 42.9 million GEL will be used to pay off domestic state liabilities and debts. This reduction is equivalent to 1.5% of the GDP.

Expenditures of general state importance

In the Law of Georgia on State Budget 2023 the amount of expenditures of general state importance is 3,985.8 million GEL, including

MLN GEL



2022 State Budget Receipts, Expenditures and Changes in Balance

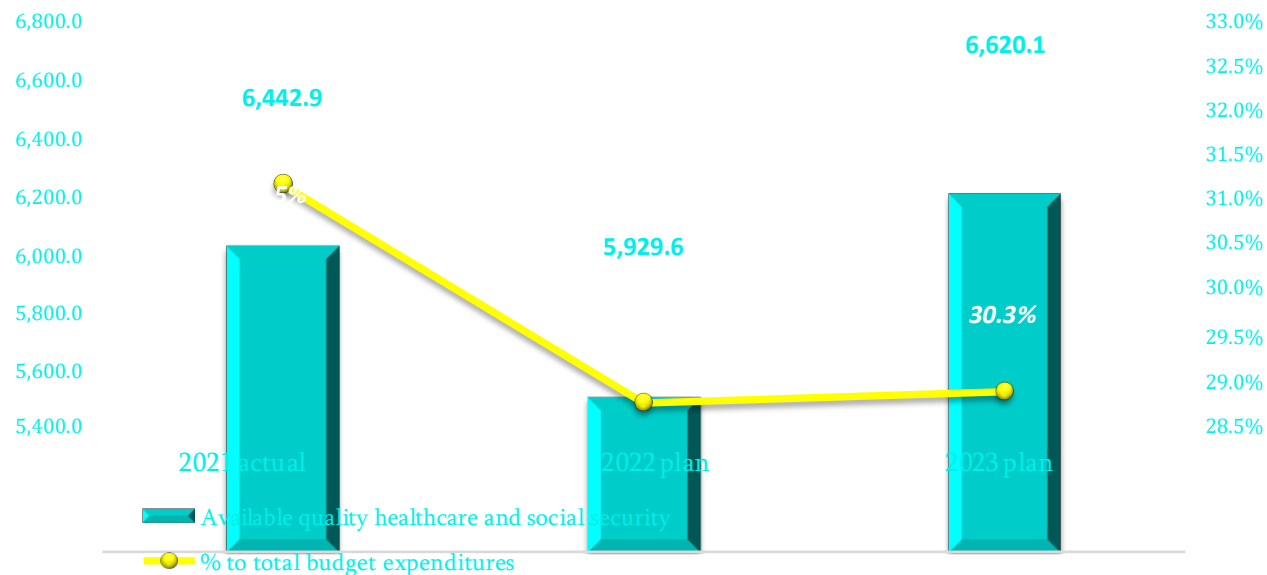
Thousand GEL

Item	2021 Actual	2022 Plan	2023 Plan	Deviation
Receipts	18,377,664.2	20,449,048.0	21,914,220.0	1,465,172.0
Revenues	12,750,272.6	16,357,411.0	17,619,900.0	1,262,489.0
Taxes	11,439,488.6	14,964,700.0	16,290,350.0	1,325,650.0
<i>Income tax</i>	3,491,520.1	4,635,000.0	5,140,000.0	505,000.0
<i>Profit tax</i>	1,015,296.1	1,930,000.0	2,000,000.0	70,000.0
<i>VAT tax</i>	4,883,933.1	5,969,700.0	6,670,350.0	700,650.0
<i>Excise</i>	1,868,783.7	2,045,000.0	2,100,000.0	55,000.0
<i>Import tax</i>	86,361.9	125,000.0	130,000.0	5,000.0
<i>Other taxes</i>	93,593.7	260,000.0	250,000.0	-10,000.0
Grants	487,106.9	342,711.0	279,550.0	-63,161.0
Other Revenues	823,677.1	1,050,000.0	1,050,000.0	0.0
Decrease in nonfinancial assets	212,585.3	300,000.0	200,000.0	-100,000.0
Decrease in financial assets (Excluding balance)	163,276.3	150,000.0	450,000.0	300,000.0
<i>Loans</i>	160,819.6	150,000.0	450,000.0	300,000.0
<i>Stocks and other capital</i>	0.0	0.0	0.0	0.0
<i>Other Accounts Receivable</i>	2,456.7	0.0	0.0	0.0
Increase in liabilities	5,251,530.0	3,641,637.0	3,644,320.0	2,683.0
<i>Domestic</i>	-306,496.6	1,300,000.0	1,400,000.0	100,000.0
<i>External</i>	5,558,026.6	2,341,637.0	2,244,320.0	-97,317.0
Expenditures	19,807,502.4	20,186,021.0	21,880,117.1	1,694,096.1
Expenses	14,197,869.5	15,342,926.8	16,335,194.2	992,267.4
<i>Compensation for employees</i>	1,654,757.8	1,834,733.9	2,236,660.8	401,926.9
<i>Sale of Goods and services</i>	1,800,113.5	1,680,416.7	2,025,532.1	345,115.4
<i>Interest</i>	790,511.7	755,047.0	1,201,047.0	446,000.0
<i>Subsidies</i>	859,829.0	994,697.0	927,623.0	-67,074.0
<i>Grants</i>	950,221.4	1,286,012.0	1,275,778.4	-10,233.6
<i>Social benefits</i>	6,082,587.1	6,115,804.1	6,447,885.2	332,081.1
<i>Other expenses</i>	2,059,849.0	2,676,216.1	2,220,667.7	-455,548.4
Increase in nonfinancial assets	2,544,195.3	3,269,486.2	3,881,309.9	611,823.7
Increase in financial assets (Excluding balance)	323,172.0	486,650.0	445,100.0	-41,550.0
<i>Loans</i>	323,172.0	486,650.0	445,100.0	-41,550.0
<i>Stocks and other capital</i>	0.0	0.0	0.0	0.0
Decrease in liabilities	2,742,265.6	1,086,958.0	1,218,513.0	131,555.0
<i>Domestic</i>	86,453.3	43,233.0	42,913.0	-320.0
<i>External</i>	2,655,812.3	1,043,725.0	1,175,600.0	131,875.0
Changes in balance	-1,429,838.2	263,027.0	34,102.9	-228,924.1

Funding of 2022 State Budget Priority Directions

Affordable, Quality Healthcare and Social Security

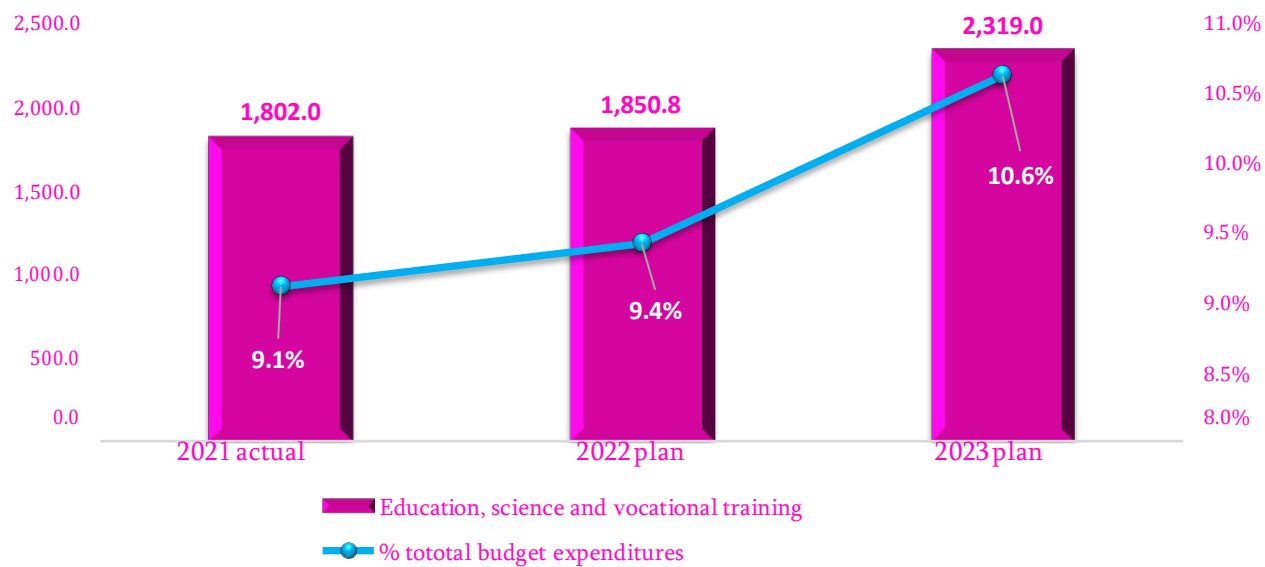
Million GEL			
Item	2021 Actual	2022 Plan	2023 Plan
Social Protection of the population	3,871.9	4,021.2	4,878.9
Healthcare of the population	2,425.6	1,791.2	1,454.1
Management of programs on IDPs from occupied territories, labor, health and social protection	63.8	72.4	92.6
Rehabilitation and equipping of medical facilities	40.4	21.0	99.8
The Program of Labor and employment system reform	7.2	9.2	90.3
Provision of health services to the system of the Ministry of Internal Affairs of Georgia and the employees of the State Security Service of Georgia	4.2	4.3	4.4
Other programs	29.8	10.3	0.0
Total	6,442.9	5,929.6	6,620.1



Education, Science and Vocational Training

mln GEL

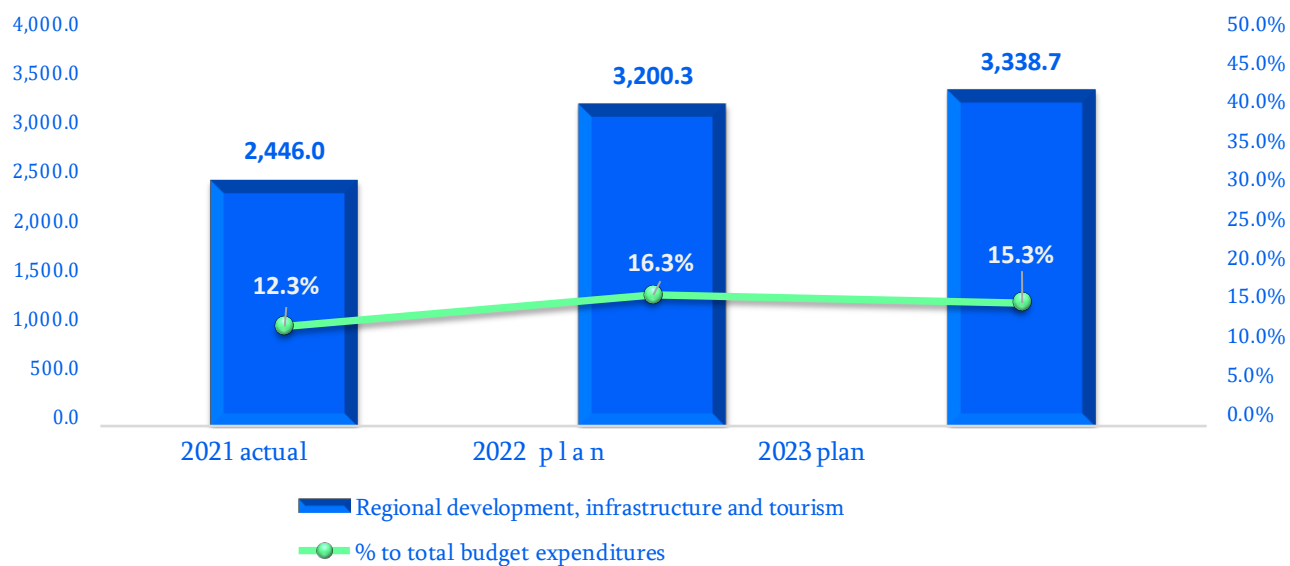
Item	2021 actual	2022 plan	2023 plan
Preschool and general education	1,069.4	1,157.4	1,341.0
Construction and rehabilitation of general education infrastructure	171.0	110.0	222.3
Higher Education	152.1	142.4	147.5
Infrastructure development	136.8	120.1	229.0
Promotion of science and scientific research	60.5	66.6	75.8
Vocational Education	60.1	68.9	87.4
Develop state policy and manage programs in fields of education, science, culture and sports	54.2	46.7	53.8
LEPL - Academy of Sciences of Georgia	4.2	4.4	4.7
Inclusive education	26.5	34.9	45.6
Innovation, Inclusion and Quality Project - Georgia I2Q (IBRD)	26.5	23.0	17.8
Other Programs	40.7	76.4	94.1
Total	1,802.0	1,850.8	2,319.0



Regional Development and Infrastructure

million GEL

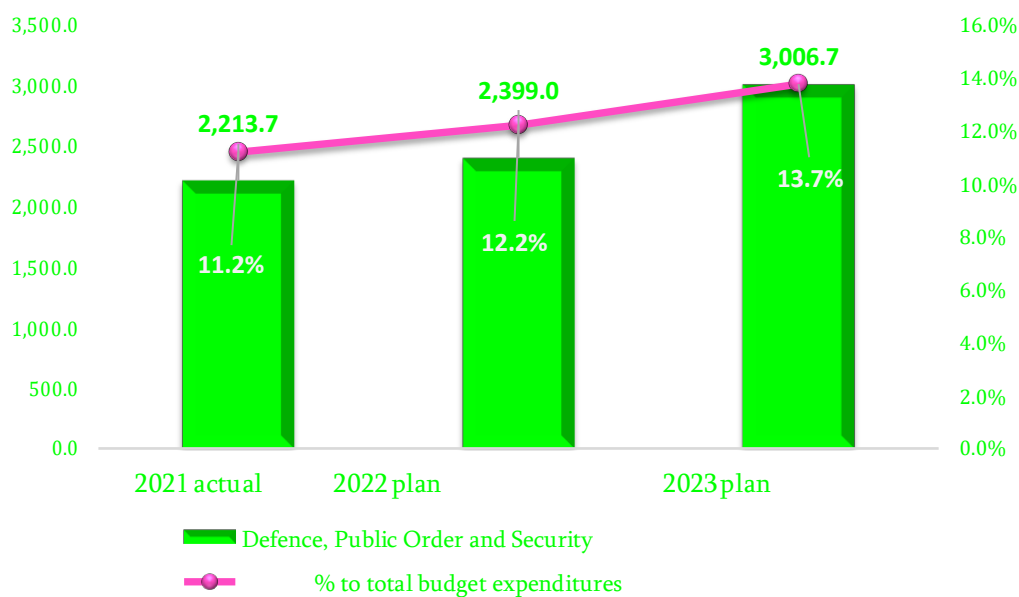
Item	2021 Actual	2022 Plan	2023 Plan
Road infrastructure improvement measures	1,557.0	1,852.9	1,894.3
Rehabilitation of regional and municipal infrastructure	339.8	483.5	420.0
Restoration and rehabilitation of water supply infrastructure	329.7	379.9	520.0
Development of system power transmission network importance	51.5	80.2	76.5
Solid Waste Management Program	29.4	49.5	64.6
Promotion of tourism development	12.4	22.9	36.0
Development of innovations and technologies in Georgia	6.2	52.7	72.3
Improvement of electricity and gas supply to population	23.5	73.5	3.5
Other programs	96.5	205.2	251.5
Total	2,446.0	3,200.3	3,338.7



Defence Public Order and Safety

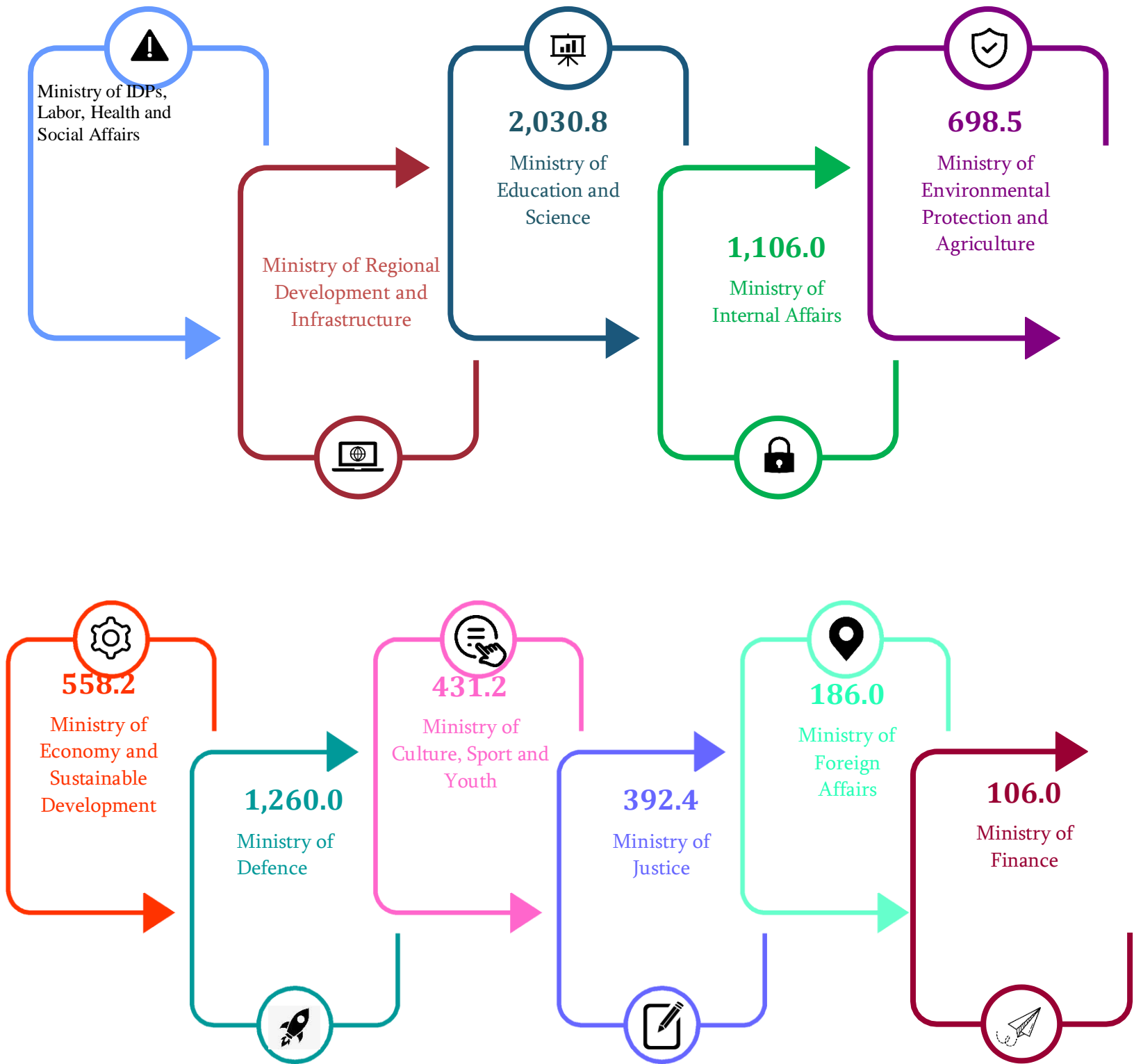
mln GEL

Item	2021 actual	2022 plan	2023 plan
Public order and international Development/enhancement of cooperation	578.9	643.0	852.1
Defence Management	365.9	392.8	506.6
Establishment of a penitentiary system corresponding to international standards	156.8	193.1	247.4
Logistics	185.1	198.4	285.9
Provision of State Security	113.8	125.3	147.6
State Border Protection	97.8	109.3	124.6
Infrastructure Development	83.1	80.0	100.0
Raising the level of civil security, creating and managing state material reserves	88.1	88.7	102.6
Development of defence capabilities	118.4	148.0	174.4
Healthcare and social security	69.9	60.1	53.7
Protect the safety of persons and facilities	52.4	57.2	72.1
Professional military education	56.2	62.6	76.2
Prosecutor's Office of Georgia	41.5	47.9	56.5
Intelligence Service of Georgia	13.8	15.4	18.0
LEPL State Service for Veteran Affairs	8.1	9.5	15.0
Other programs	183.9	167.7	174.0
Total	2,213.7	2,399.0	3,006.7



Distribution of State Budget Allocations by the Ministries

MLN GEL



Funding spending institutions and programs to be implemented by them - 2021-2023
years

Thousand GEL

Code	Item	2021 Actual	2022 Plan	2023 Plan
00 00	Total	19,807,502.5	20,186,021.0	21,880,117.1
01 00	Parliament of Georgia and Institutions Existing at the Parliament	55,970.0	68,035.9	77,460.0
01 01	Legislative activity	45,376.7	56,264.3	63,730.4
01 02	Library activity	9,398.4	10,230.0	12,004.4
01 03	State Regulation of Heraldic Activity	430.6	478.6	595.4
01 04	Strengthening Analytical and Research Activity of the Parliament of Georgia	764.3	1,063.0	1,129.9
02 00	Administration of the President of Georgia	7,184.9	8,792.4	9,315.0
03 00	Apparatus of the Business ombudsman of Georgia	589.8	752.9	775.0
04 00	Administration of the Government of Georgia	32,523.3	19,220.0	24,000.0
05 00	State Audit Office of Georgia	15,532.6	18,491.3	21,299.9
06 00	Central Election Commission of Georgia	82,961.9	31,489.1	55,969.5
06 01	Development of the election environment	13,711.1	16,235.1	21,594.0
06 02	Promoting the development of the electoral institution and civil education	1,075.7	1,417.0	1,632.5
06 03	Funding of political parties	13,932.2	13,837.0	12,743.0
06 04	Measures for holding elections	54,243.0	0.0	20,000.0
07 00	Constitutional Court of Georgia	3,785.8	5,150.0	5,800.0
08 00	Supreme Court of Georgia	10,854.5	14,350.0	16,100.0
09 00	Common Courts of Georgia	70,830.5	99,120.0	117,000.0
09 01	Development and promotion a common court system	69,720.5	96,780.0	114,465.0
09 02	Training an retraining of judges and court staff	1,110.0	2,340.0	2,535.0
10 00	High Council of Justice of Georgia	4,190.1	6,840.0	7,900.0
11 00	Administration of the State Representative in Abasha, Zugdidi, Martvili, Mestia, Senaki, Chkhorotsku, Tsalenjikha, Khobi municipalities and Poti municipality	825.5	1,052.3	1,303.0
12 00	Administration of the State Representative in Lanchkhuti, Ozurgeti and Chokhatauri Municipalities	656.7	834.7	1,060.0

Code	Item	2021 Actual	2022 Plan	2023 Plan
13 00	Administration of the State Representative In the municipalities of Bagdati, Vani, Zestaponi, Terjola, Samtredia, Sachkhere, Tkibuli, Tskaltubo, Chiatura, Kharagauli, Khoni and municipality of	676.0	939.2	1,250.0
14 00	Administration of the State Representative in the municipalities of Akhmet, Gurjaani, Dedoplistskaro, Telavi, Lagodekhi, Sagarejo, Sighnaghi and Kvareli	737.7	950.7	1,162.0
15 00	Administration of the State Representative In Dusheti, Tianeti, Mtskheta and Kazbegi municipalities	619.3	867.4	1,060.0
16 00	Administration of the State Representative in Ambrolauri, Lentekhi, Oni and Tsageri in municipalities	603.7	844.2	1,072.0
17 00	Administration of the State Representative in Adigeni, Aspindza, Akhaltsikhe, Akhalkalaki, Borjomi and Ninotsminda municipalities	640.2	820.7	1,002.0
18 00	Administration of the State Representative in Bolnisi, Gardabani, Dmanisi, Tetrtskaro, Marneuli, Tsalka municipalities and the municipality of city of Rustavi	867.6	1,194.8	1,348.0
19 00	Administration of the State Representative in the municipalities of Gori, Kaspi, Kareli and Khashuri	638.7	821.2	1,038.0
20 00	State Security Service of Georgia	138,336.7	150,700.0	180,000.0
20 01	Ensuring state security	113,709.4	127,321.0	147,650.0
20 02	Provision of operational-technical activities	23,553.8	21,400.0	29,970.0
20 03	Training of security personnel, Retraining and qualification	1,073.5	1,979.0	2,380.0
21 00	Prosecutor's Office of Georgia	41,347.7	47,870.0	56,530.0
22 00	Office of the State Minister for Reconciliation and Civil Equality	2,467.5	3,130.0	3,700.0
23 00	Ministry of finance of Georgia	88,847.6	105,404.8	106,000.0
23 01	Management of state finances	23,544.1	23,695.0	25,430.0
23 02	Revenue mobilization and Improving the service of the payers	34,387.2	45,516.3	30,240.0
23 03	Economic crime prevention	22,193.9	25,235.0	38,600.0
23 04	Electronic and analytical provision of financial management	6,600.5	8,606.6	8,655.0
23 05	Raising the qualifications of employees in the financial sector	1,078.3	1,061.9	1,065.0

Code	Item	2021 Actual	2022 Plan	2023 Plan
23 06	Supervision of accounting, reporting and auditing	1,043.7	1,290.0	2,010.0
24 00	Ministry of Economy and Sustainable Development of Georgia	621,101.1	1,262,404.9	558,180.0
24 01	Development and implementation of economic policy	19,060.8	249,085.0	20,300.0
24 02	Regulation of technical and construction field	1,453.1	1,748.0	1,900.0
24 03	Development of standardization and metrology	1,026.8	1,106.0	1,200.0
24 04	Regulation and implementation of market surveillance	714.0	1,180.0	1,800.0
24 05	Promoting tourism development	11,483.7	22,856.5	36,035.0
24 06	State property management	63,987.3	359,130.0	10,130.0
24 07	Entrepreneurship development	305,206.3	238,486.0	267,690.0
24 08	Development of innovations and technologies in Georgia	4,484.9	52,680.0	72,260.0
24 09	Regulation and Management of Oil and Gas Sector	593.6	672.2	710.0
24 10	Repayment of obligations under international agreements in the field of transport and subsidizing transportation costs	5,570.9	12,000.0	10,000.0
24 11	Measures to reimburse the cost of natural gas supplied to the population of highland villages of Kazbegi Municipality and Dusheti Municipality	10,091.7	12,000.0	12,000.0
24 12	Georgian National Innovation Ecosystem Project (WB)	16,084.9	11,620.0	2,500.0
24 13	Technical Assistance Project to Support Georgia Energy Sector Reform Program (GESRP) (EU-NIF)	3,663.7	5,500.0	4,000.0
24 14	Development of system power transmission network	66,699.4	115,150.0	76,500.0
24 15	Improving the electricity and natural gas supply of the population	20,627.3	173,550.0	3,550.0
24 16	Promoting maritime vocational education	432.9	400.0	1,400.0
24 17	Development of Anaklia deep-water port	703.1	1,288.2	2,850.0
24 18	Measures related to the repayment of obligations recognized under bilateral agreements	2,664.4	3,725.0	5,600.0

Code	Item	2021 Actual	2022 Plan	2023 Plan
24 19	Vardnili and Enguri Hydropower Plant Implement quarantine and other measures related to Vardnili and Enguri Hydropower Plant	60,881.5	0.0	15,000.0
24 20	Implement quarantine and other measures related to the new coronavirus	0.0	0.0	7,000.0
24 21	Promoting the development of resorts	0.0	228.0	5,755.0
24 22	Related to the new coronavirus	25,530.8	0.0	0.0
24 23	Implementation of Quarantine and other measures	140.0	0.0	0.0
25 00	Ministry of Regional Development and Infrastructure of Georgia	2,513,545.3	2,975,005.0	3,330,920.0
25 01	Develop and manage regional and infrastructure development policies	6,717.6	7,255.0	8,400.0
25 02	Measures to improve road infrastructure	1,614,137.3	1,852,920.0	1,894,345.0
25 03	Rehabilitation of regional and municipal infrastructure	339,458.6	531,530.0	420,000.0
25 04	Rehabilitation of water supply infrastructure	329,713.3	444,850.0	520,000.0
25 05	Solid Waste Management Program	29,306.9	33,450.0	64,575.0
25 06	Support for IDPs	23,270.0	12,000.0	1,300.0
25 07	Construction and rehabilitation of general education infrastructure	170,941.5	93,000.0	222,300.0
25 08	Tourist infrastructure improvement	0.0	0.0	200,000.0
26 00	Ministry of Justice of Georgia	324,773.0	320,568.4	392,400.0
26 01	Develop and manage state policies to provide legislative and legal support to the country's interests, including criminal justice reform	119,015.8	49,416.0	62,100.0
26 02	Establishment of a penitentiary system in accordance with international standards	156,737.4	203,130.0	247,400.0
26 03	Ensuring the protection of the National Archives Fund, the introduction of modern service technologies and access to documents	5,685.7	6,719.5	7,800.0
26 04	Training of employees of the Ministry of Justice of Georgia and other interested persons Training of employees of the Ministry of Justice of Georgia and other interested persons	2,623.0	2,907.3	3,100.0
26 05	Development of e-government	3,381.6	3,783.8	4,000.0

Code	Item	2021 Actual	2022 Plan	2023 Plan
26 06	Crime prevention, probation system development and resocialization of ex-prisoners	6,663.5	8,271.8	13,500.0
26 07	Development and access to the services of the House of Justice	16,214.1	6,340.0	5,000.0
26 08	Promoting land registration and developing / accessing public registry services	5,342.9	25,000.0	40,000.0
26 09	Land Market Development (WB)	7,935.0	15,000.0	9,500.0
26 10	Development and availability of services of the State Services Development Agency	1,174.0	0.0	0.0
27 00	Ministry of IDPs from the Occupied Territories of Georgia, Labor, Health and Social Affairs	6,466,346.4	6,332,554.4	6,858,420.0
27 01	Manage IDP, labor, health and social protection programs from the occupied territories	82,992.8	72,710.4	92,633.0
27 02	Social protection of the population	3,871,692.3	4,111,447.3	4,878,890.0
27 03	Health protection of the population	2,371,999.7	1,866,204.1	1,454,097.0
27 04	Rehabilitation and equipping of medical institutions	68,759.3	76,000.0	99,800.0
27 05	Labor and Employment System Reform Program	6,994.6	48,957.6	90,265.0
27 06	Promoting Internally Displaced Persons and Migrants	63,907.9	157,235.0	242,735.0
28 00	Ministry of foreign affairs of Georgia	169,213.5	176,603.6	186,000.0
28 01	Implementation of foreign policy	168,383.7	175,724.0	185,016.0
28 02	Improving the qualifications of civil servants in the field of international relations	829.8	879.6	984.0
29 00	Ministry of Defense of Georgia	983,737.4	1,082,431.4	1,260,000.0
29 01	Defense management	370,373.7	397,787.0	506,576.0
29 02	Vocational military education	56,238.5	62,551.9	76,230.0
29 03	Health and Social Security	69,867.1	60,090.0	53,770.0
29 04	Management, control, communication and computer systems	5,609.3	6,913.3	16,500.0
29 05	Infrastructure development	83,090.3	110,000.0	100,000.0
29 06	International peacekeeping missions	20,852.4	2,000.0	2,000.0
29 07	Scientific research and development of the military industry	36,672.7	43,716.2	44,608.0
29 08	Develop defense capabilities	118,404.1	168,000.0	174,440.0
29 09	Logistical support	185,067.0	231,373.0	285,876.0
29 10	Capacity Building of the Georgian Defense Forces (SG)	37,562.5	0.0	0.0
30 00	Ministry of Interior of Georgia	788,905.7	962,500.0	1,106,000.0

Code	Item	2021 Actual	2022 Plan	2023 Plan
30 01	Development / enhancement of public order and international cooperation	581,318.5	690,495.9	852,135.0
30 02	State Border Protection	97,734.1	159,266.0	124,630.0
30 03	Raising the level of protection of individuals and legal entities (including property), diplomatic missions, national treasures and security Raising the level of protection of individuals and legal entities (including property), diplomatic	10,844.2	12,616.3	14,365.0
30 04	Training of highly qualified personnel for law enforcement agencies, retraining, digitization of archival funds, scientific-research activities and citizen services	6,387.5	7,162.5	7,830.0
30 05	Providing health care services to the system of the Ministry of Internal Affairs of Georgia and the State Security Service of Georgia Providing health care services to the system of the Ministry of Internal Affairs of Georgia and the State Security Service of Georgia	4,184.9	4,258.3	4,437.0
30 06	Raising the level of civil security, creating and managing state material reserves	88,436.6	88,701.0	102,603.0
31 00	Ministry of Environment Protection and Agriculture of Georgia	665,379.8	743,071.4	698,480.0
31 01	Environmental and Agricultural Development Program	15,018.2	13,955.3	20,150.0
31 02	Food safety, plant protection and epizootic well-being	31,356.0	60,768.1	63,495.0
31 03	Development of viticulture and winemaking	155,213.6	124,747.1	67,400.0
31 04	Implementation of scientific-research activities in the field of agriculture	5,985.9	5,378.5	5,850.0
31 05	Unified agro project	296,033.9	372,225.0	346,420.0
31 06	Modernization of reclamation systems	80,278.1	92,000.0	95,000.0
31 07	Environmental supervision	16,035.5	20,250.0	26,000.0
31 08	Establishment and management of a system of protected areas	25,078.4	26,600.0	31,450.0
31 09	Establishment and management of the forest system	9,735.7	11,170.8	20,950.0
31 10	Establish and manage the system of the National Agency for Wildlife	1,449.6	1,387.2	1,200.0
31 11	Environmental and Agricultural Access to Information and Education for Sustainable Development Program	4,869.0	1,335.1	1,790.0
31 12	Protecting nuclear and radiation safety	1,149.6	1,233.8	1,375.0
31 13	Forecasting, assessment, prevention and monitoring in the field of environment	15,886.7	4,200.0	8,000.0

Code	Item	2021 Actual	2022 Plan	2023 Plan
31 14	Diagnosis of food, animal and plant diseases	5,602.6	4,725.5	5,000.0
31 15	State Program for Sustainable Land Management and Land Use Monitoring	1,686.9	3,095.0	4,400.0
32 00	Ministry of Education and Science of Georgia	1,526,921.4	1,684,835.9	2,030,780.7
32 01	Develop state policies and programs in the fields of education and science	49,306.3	46,664.3	53,773.9
32 02	Preschool and general education	1,069,899.8	1,184,396.8	1,340,958.0
32 03	professional education	60,112.8	68,880.5	87,420.0
32 04	high education	153,323.8	142,380.7	147,468.0
32 05	Promoting science and scientific research	67,188.1	66,588.6	75,750.8
32 06	inclusive education	26,519.5	34,875.0	45,625.0
32 07	Infrastructure development	76,211.7	120,050.0	228,985.0
32 08	Innovation, Inclusion and Quality Project - Georgia I2Q (IBRD)	20,032.6	12,637.0	17,800.0
32 09	Vocational Education Program I (KfW)	503.5	4,213.0	15,000.0
32 10	Modern Skills for a Better Employment Sector Development Program - Project (ADB)	796.9	4,150.0	18,000.0
32 11	Applied Research Grant Program (WB)	3,026.6	0.0	0.0
33 00	Ministry of Culture, Sports and Youth of Georgia	359,246.7	470,802.8	431,232.0
33 01	Develop state policy and program management in the fields of culture, sports and youth	5,374.6	7,633.0	9,209.0
33 02	Higher education in the field of arts and sports	12,120.5	17,015.0	17,215.0
33 03	Infrastructure development	60,126.1	42,000.0	48,730.0
33 04	Promoting arts and sports facilities	5,949.1	7,108.0	12,108.0
33 05	Promoting the development of culture	71,914.1	152,702.0	98,110.0
33 06	Preservation of cultural heritage and improvement of the museum system	28,513.9	37,610.0	39,479.0
33 07	Development and popularization of mass and high achievement sports	137,047.5	152,917.8	177,118.0
33 08	Social protection measures for cultural and sports figures	34,691.3	48,357.0	23,357.0
33 09	Promoting youth	3,509.6	5,460.0	5,906.0
34 00	Georgian Intelligence Service	13,800.0	15,400.0	18,000.0
35 00	LEPL - Civil Service Bureau	2,179.6	1,705.0	1,750.0
36 00	LEPL - Legal Aid Service	7,349.2	8,170.5	10,400.0
37 00	LEPL - State Service for Veterans Affairs	8,082.0	9,495.0	15,000.0

Code	Item	2021 Actual	2022 Plan	2023 Plan
38 00	LEPL - Financial Monitoring Service of Georgia	2,079.3	2,292.0	4,300.0
39 00	NNLE –Georgian Solidarity Fund	0.0	0.0	5,000.0
40 00	Special State Protection Service of Georgia	61,358.6	69,538.5	82,800.0
40 01	Ensuring the security of persons and objects to be protected	52,365.7	59,500.0	72,100.0
40 02	Maintenance of state facilities	8,981.9	10,038.5	10,200.0
40 03	LEPL - Government Special Communication Agency	11.1	0.0	500.0
41 00	Office of the Public Defender of Georgia	6,208.7	8,869.0	9,275.0
42 00	LEPL - Public Broadcaster	69,585.3	82,180.0	101,190.0
43 00	LEPL - Georgian National Competition Agency	2,184.7	3,670.0	5,000.0
44 00	Administration of the Temporary Administrative-Territorial Unit on the Territory of the Former South Ossetian Autonomous District - Administration of South Ossetia	2,438.9	2,636.0	2,830.0
45 00	Patriarchate of Georgia	24,937.0	25,000.0	25,000.0
45 01	Theological Education Promotion Grant	14,870.7	14,790.0	14,790.0
45 02	NNLE – St. Svimon Kananeli Theological Training Center of the Georgian Patriarchate	645.0	645.0	645.0
45 03	NNLE – Grant to be handed over to the Educational Center of Batumi and Lazeti Diocese	1,625.0	1,768.0	1,768.0
45 04	NNLE – Georgian Patriarchate st. Ninotsminda St. Nino orphanage	685.0	685.0	685.0
45 05	NNLE – Grant to be awarded to the Holy Martyr Ekaterine Virtue Sanctuary in Batumi	261.0	261.0	261.0
45 06	NNLE – St. Andrew the First-Called Theological Training Center of the Georgian Patriarchate	870.0	870.0	870.0
45 07	NNLE – Grant to be handed over to the rehabilitation center near St. George Mtatsmindeli Monastery	230.0	230.0	230.0
45 08	NNLE –Grant to be awarded to St. Andrew the First-Called Georgian University of the Georgian Patriarchate	1,892.4	1,893.0	1,893.0
45 09	NNLE – Grant to be awarded to St. Tbel Abuseridze Teaching University of the Georgian Patriarchate	1,805.0	1,805.0	1,805.0

Code	Item	2021 actual	2022 plan	2023 plan
45 10	NNLE – Grant to be given to the Center for Rehabilitation and Adaptation of Children with Hearing Impairment	100.0	100.0	100.0
45 11	Georgian Patriarchate TV Subsidy Measures	800.0	800.0	800.0
45 12	NNLE – Grant to be awarded to Akhalkalaki and Kumurdo Diocese Training Center	500.0	500.0	500.0
45 13	NNLE – Poti Educational and Cultural Center	653.0	653.0	653.0
46 00	LEPL - Levan Samkharauli National Forensics Bureau	6,780.1	11,300.0	13,000.0
47 00	LEPL - National Statistics Office of Georgia - Geostat	10,781.7	12,968.0	20,900.0
47 01	Planning and managing statistical work	5,878.1	6,688.0	7,805.0
47 02	State Program of Statistical Works	4,638.0	4,940.0	5,280.0
47 03	Universal description of population and housing	265.6	1,340.0	7,815.0
48 00	LEPL - Georgian National Academy of Sciences	4,005.8	4,434.0	4,735.0
49 00	Georgian Chamber of Commerce and Industry	1,515.5	1,602.0	1,930.0
50 00	LEPL - State Agency for Religious Affairs	5,315.7	5,388.8	6,450.0
51 00	Special Investigation Service	7,110.7	11,300.0	17,000.0
52 00	LEPL - State Language Department	447.4	543.8	1,000.0
53 00	LEPL - Public-Private Partnership Agency	219.6	269.0	500.0
54 00	Office of the National Security Council	2,648.0	3,410.0	3,750.0
55 00	Expenditures of General State Importance	4,582,476.3	3,307,400.0	3,985,750.0
55 01	Service and repayment of foreign government liabilities	2,936,811.8	1,270,000.0	1,696,000.0
55 02	Service and repayment of domestic government liabilities	546,593.7	565,000.0	715,000.0
55 03	Commitments arising from cooperation with international financial organizations	4,300.9	2,800.0	2,800.0
55 04	Transfers to Autonomous Republics and Municipalities	634,287.0	353,000.0	515,000.0
55 05	Georgian Government Reserve Fund	0.0	55,000.0	60,000.0
55 06	Debt settlement and court enforcement fund arising in previous years	29,783.2	50,000.0	40,000.0
55 07	Fund of projects to be implemented in the regions of Georgia	0.0	430,000.0	400,000.0



**The volume of transfers to be transferred to the Autonomous Republics and Municipalities of
the 2023 state budget is 515.000.0 thousand GEL**

Thousand GEL

Name of Autonomous Republics and Local Self-Governing units	Total transfers	Targeted transfer to carry out delegated competences *	Special transfer
Autonomous Republic of Abkhazia	14,000.0	0.0	14,000.0
Tbilisi city Municipality	440,555.0	555.0	440,000.0
Adjara Municipality	500.0	0.0	500.0
Shuakhevi Municipality	3,000.0	0.0	3,000.0
Khulo Municipality	1,340.0	40.0	1,300.0
Akhmeta Municipality	355.0	355.0	0.0
Gurjaani Municipality	385.0	385.0	0.0
Dedoplistskaro Municipality	315.0	315.0	0.0
Telavi Municipality	435.0	435.0	0.0
Lagodekhi Municipality	370.0	370.0	0.0
Sagarejo Municipality	405.0	405.0	0.0
Sighnaghi Municipality	385.0	385.0	0.0
Kvareli Municipality	385.0	385.0	0.0
Kutaisi City Municipalit	300.0	300.0	0.0
Chiatura Municipality	390.0	390.0	0.0
Tkibuli Municipality	280.0	280.0	0.0
Tskaltubo Municipality	365.0	365.0	0.0
Bagdati Municipality	260.0	260.0	0.0
Vani Municipality	260.0	260.0	0.0
Zestaponi Municipality	420.0	420.0	0.0
Terjola Municipality	360.0	360.0	0.0
Samtredia Municipality	375.0	375.0	0.0
Sachkhere Municipality	360.0	360.0	0.0
Kharagauli Municipality	240.0	240.0	0.0
Khoni Municipality	225.0	225.0	0.0
Poti City Municipality	400.0	400.0	0.0
Zugdidi Municipality	430.0	430.0	0.0
Abasha Municipality	260.0	260.0	0.0
Martvili Municipality	300.0	300.0	0.0
Mestia Municipality	250.0	250.0	0.0
Senaki Municipality	340.0	340.0	0.0
Chkhorotsku Municipality	265.0	265.0	0.0

Autonomous Republics and Municipalities	Total transfer	Targeted transfer to exercise delegated authority	Special transfer
Tsalenjikha Municipality	360.0	360.0	0.0
Khobi Municipality	380.0	380.0	0.0
Gori Municipality	515.0	515.0	0.0
Kurta Municipality	2,620.0	110.0	2,510.0
Eredvi Municipality	2,440.0	60.0	2,380.0
Kaspi Municipality	370.0	370.0	0.0
Kareli Municipality	400.0	400.0	0.0
Tighvi Municipality	2,040.0	40.0	2,000.0
Khashuri Municipality	415.0	415.0	0.0
Rustavi City Municipality	605.0	605.0	0.0
Bolnisi Municipality	495.0	495.0	0.0
Gardabani Municipality	345.0	345.0	0.0
Dmanisi Municipality	260.0	260.0	0.0
Tetritskaro Municipality	325.0	325.0	0.0
Marneuli Municipality	490.0	490.0	0.0
Tsalka Municipality	235.0	235.0	0.0
Lanchkhuti Municipality	380.0	380.0	0.0
Ozurgeti Municipality	450.0	450.0	0.0
Chokhatauri Municipality	275.0	275.0	0.0
Adigeni Municipality	245.0	245.0	0.0
Aspindza Municipality	250.0	250.0	0.0
Akhalkalaki Municipality	415.0	415.0	0.0
Akhalsikhe Municipality	365.0	365.0	0.0
Borjomi Municipality	380.0	380.0	0.0
Ninotsminda Municipality	250.0	250.0	0.0
Akhalkori Municipality	3,520.0	110.0	3,410.0
Dusheti Municipality	330.0	330.0	0.0
Tianeti Municipality	260.0	260.0	0.0
Mtskheta Municipality	475.0	475.0	0.0
Kazbegi Municipality	215.0	215.0	0.0
Ambrolauri Municipality	250.0	250.0	0.0
Lentekhi Municipality	235.0	235.0	0.0
Oni Municipality	250.0	250.0	0.0
Tsageri Municipality	250.0	250.0	0.0
Various municipalities	25,400.0	4,500.0	20,900.0
Total	515,000.0	25,000.0	490,000.0

Note(*):Delegated powers include Public Health, Military Obligation and Military Service, Defense Reserve and Military Reserve Service, Internally Displaced Persons from the Occupied Territories of Georgia, Deaths of War and Post-War Victims Financing of activities envisaged by the Law of Georgia on the Development of Mountainous Regions, the powers defined by the Code of the Rights of the Child and other laws of Georgia. In addition to the delegated powers provided for in this article, in 2022 it is possible to procure goods, services and works for the improvement of public school infrastructure for municipalities (25 07 - construction and rehabilitation of general education infrastructure) and to provide student transport (32 02 10 - for public school students).

Disposal of GEL 4,500.0 thousand defined as targeted transfers for different municipalities will be carried out in accordance with the decision made by the Government of Georgia.

Management of 20 900.0 thousand GEL defined as a special transfer for different municipalities will be carried out in accordance with the decision made by the Government of Georgia.



Distribution of Value Added Tax Owned by Municipality

In 2023, revenues to be received by municipalities in the form of VAT are forecast in the amount of 1,564.7 million GEL (19.0% of VAT) and are distributed in accordance with the procedure defined under the Budget Code of Georgia

Municipality	VAT Distribution	
	Distribution of 19% of VAT	Approximate amount of VAT
Tbilisi city Municipality	39,76%	622 224,4
Batumi City Municipality	3,59%	56 206,8
Kobuleti Municipality	1,46%	22 892,6
Khelvachauri Municipality	1,00%	15 717,3
Keda Municipality	0,94%	14 773,3
Shuakhevi Municipality	0,32%	5 000,0
Khulo Municipality	0,34%	5 296,0
Akhmeta Municipality	1,04%	16 229,8
Gurjaani Municipality	1,35%	21 135,0
Dedoplistskaro Municipality	0,32%	5 000,0
Telavi Municipality	1,42%	22 185,6
Lagodekhi Municipality	1,04%	16 234,3
Sagarejo Municipality	1,23%	19 304,9
Sighnaghi Municipality	0,59%	9 225,4
Kvareli Municipality	0,64%	10 079,6
Kutaisi City Municipality	3,48%	54 440,8
Chiatura Municipality	1,16%	18 139,4
Tkibuli Municipality	0,52%	8 145,8
Tskaltubo Municipality	1,23%	19 304,9
Bagdati Municipality	0,56%	8 739,2
Vani Municipality	0,58%	8 997,8
Zestaponi Municipality	1,34%	20 956,8
Terjola Municipality	0,81%	12 642,0
Samtredia Municipality	1,10%	17 254,8
Sachkhere Municipality	1,20%	18 819,9
Kharagauli Municipality	0,54%	8 468,0
Khoni Municipality	0,56%	8 747,1
Poti City Municipality	0,54%	8 371,2
Zugdidi Municipality	2,42%	37 833,3
Abasha Municipality	0,51%	8 032,1

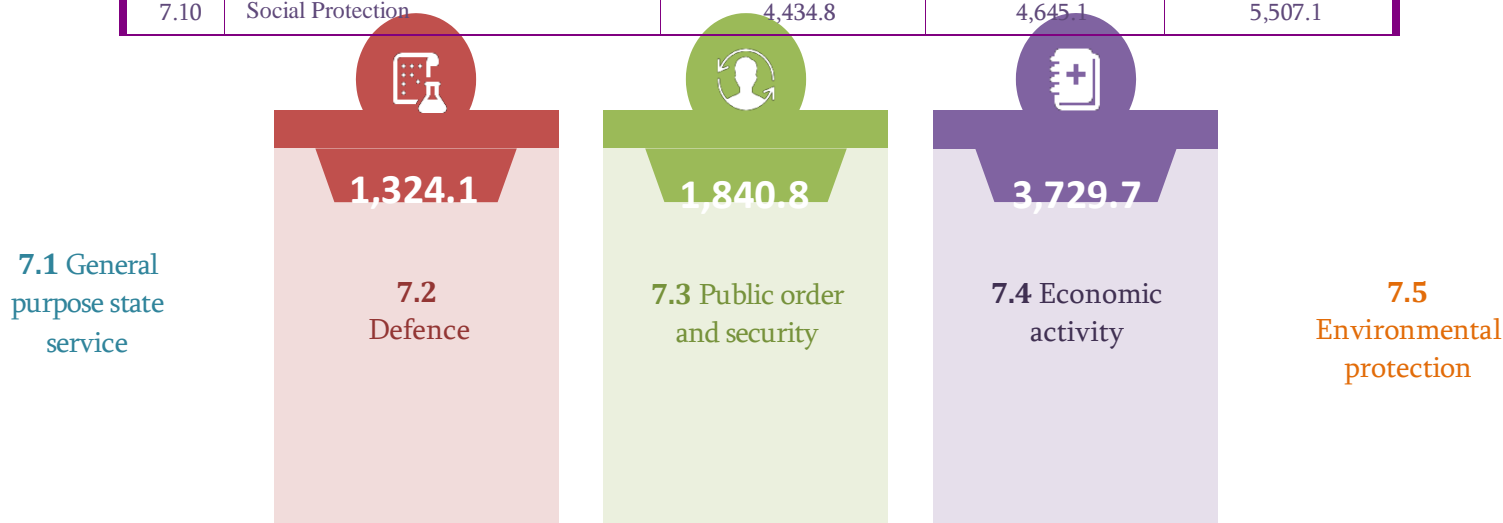
Municipality	VAT Distribution	
	Distribution of 19% of VAT	Approximate amount of VAT
Martvili Municipality	0,81%	12 605,4
Mestia Municipality	0,52%	8 200,3
Senaki Municipality	0,92%	14 370,5
Chkhorotsku Municipality	0,55%	8 587,2
Tsalenjikha Municipality	0,63%	9 904,1
Khobi Municipality	0,51%	8 029,5
Gori Municipality	3,42%	53 472,7
Kaspi Municipality	0,90%	14 008,9
Kareli Municipality	1,06%	16 521,0
Khashuri Municipality	1,32%	20 712,6
Rustavi City Municipality	2,98%	46 596,4
Bolnisi Municipality	0,32%	5 000,0
Gardabani Municipality	0,32%	5 000,0
Dmanisi Municipality	0,78%	12 129,6
Tetritskaro Municipality	0,79%	12 300,5
Marneuli Municipality	1,82%	28 530,3
Tsalka Municipality	0,32%	5 000,0
Lanchkhuti Municipality	0,74%	11 539,0
Ozurgeti Municipality	1,45%	22 737,4
Chokhatauri Municipality	0,47%	7 346,1
Adigeni Municipality	0,68%	10 592,1
Aspindza Municipality	0,32%	5 000,0
Akhalkalaki Municipality	0,32%	5 000,0
Akhaltsikhe Municipality	1,35%	21 046,9
Borjomi Municipality	0,32%	5 000,0
Ninotsminda Municipality	0,44%	6 833,6
Dusheti Municipality	0,75%	11 788,0
Tianeti Municipality	0,57%	8 904,8
Mtskheta Municipality	0,64%	10 079,6
Kazbegi Municipality	0,32%	5 000,0
Ambrolauri Municipality	0,66%	10 268,1
Lentekhi Municipality	0,38%	6 001,3
Oni Municipality	0,44%	6 926,8
Tsageri Municipality	0,59%	9 229,3
Total	100%	1 564 660,0

Functional Classification of Expenses and Increase in Nonfinancial Assets of the State Budget of Georgia

Georgia's state budget expenditures and growth of non-financial assets are recorded according to functional classification and is as follows:

MLN GEL

Code	Item	2021 Actual	2022 Plan	2023 Plan
7	Total expenditures	16,742.1	18,612.4	20,216.5
7.1	General Purpose State Service	1,997.3	2,383.6	2,884.3
7.2	Defense	1,025.4	1,181.7	1,324.1
7.3	Public Order and Safety	1,366.7	1,532.4	1,840.8
7.4	Economic Activity	2,871.8	4,102.6	3,729.7
7.5	Environment Protection	116.0	113.4	166.5
7.6	Household-Utility Service	266.5	343.1	332.6
7.7	HealthCare	2,526.5	1,984.4	1,621.7
7.8	Recreation, Sulture and Religion	389.0	496.6	491.0
7.9	Education	1,748.1	1,829.5	2,318.7
7.10	Social Protection	4,434.8	4,645.1	5,507.1



bout the budget. It facilitates development of realistic expectations about a specific policy field and mobilization of support of citizens. Overall, this Guide promotes raising awareness of the work carried out by the Government and raises ability of citizens to be involved in the activity of the executive authority at stages of setting priorities, planning and implementation of the budget.

Involvement of citizens is very important in budgeting process because more informed and active society plays important part in development of governance and social and economic advancement of a country. Many countries of the world have developed a tool for active public participation in budgeting process and, ultimately, it is the society, which decides where and how existing budgetary resources should be distributed



What can citizens do:



Citizens will obtain financial information and better understand how funds are allocated from the budget. They will learn about the following year's budget news, changes and new innovative approaches to funding, to share with everyone around them.



Citizens will have the opportunity to participate in the budget planning process, distribute budget funds at their discretion, both according to priorities and spending institutions, through the electronic module posted on the website of the Ministry of Finance of Georgia.

<https://ebtps.mof.ge/>



All interested citizens will monitor the quarterly and annual budget execution reports on the website of the Ministry of Finance of Georgia (www.mof.ge). It is especially important to involve them in this process, since the financial information provided as a result of mutual cooperation will be in a language that is easily understandable by the population and more transparent.



Questions related to the budget transparency may be sent to the following e-mail

:

Budget.transparency@mof.ge

