



**GREEN**  
*Alternative*

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To: Helga Pender

Project Manager

Delegation of the European Union to Georgia

38 Nino Chkheidze St.

Subject: on consultation regarding the role of civil society in budget support modalities, 20<sup>th</sup> June, 2012

5 September, 2012

Dear Mrs. Pender

Association Green Alternative and its partner groups would like to thank European Union Delegation in Georgia regarding opportunity to provide its input on future budgetary support to Georgia and the role of civil society in Budget support modalities.

We would like to welcome the EU's recent approach through „stimulating good practice, capacity and awareness building through the budget support process that will have key importance for increasing transparency, accountability and effectiveness and sustainability of the budget spending.“

We believe that the long term goals of budget support should aim to reduce poverty, inclusive and sustainable development, including strengthening the national public finance management and its transparency, in line with the updated concept of budget support to third countries, that such budget support should aim at *“fostering domestic accountability and strengthening national control mechanisms as a basis for improving governance and adherence to fundamental values<sup>1</sup>. In this context, we believe that “Good Governance and Development Contracts” should be used not only to “strengthen core government systems, such as public finance management and public administration“ but also to “address constraints on sustained growth and to promote the ‘green economy’ including the protection and sustainable use of public goods and natural resources, while ensuring that the benefits of growth are widely shared.<sup>2</sup>“*

In general, we see the number of mechanism that could support to reach the goal, including :

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<sup>1</sup> “Future approach to EU budget Support to third countries“

<sup>2</sup> *Ibid*

- Mutually agreed priorities, conditions and outcomes with government, CSOs and Parliamentarians;
- Transparency and accountability of budget and its expenditures;
- Strategic Environmental Assessment of the given budget support line;
- Wide consultations and public participation based on the developed proposal and outcomes of SIA;
- Technical assistance and capacity building for sectoral, local authorities and Civil Society on Budget support schemes are necessary;
- Awareness raising programs for public and media;

### **Concerns related towards transparency and accountability of Georgian Budget.**

The budget of Georgia is far from budget transparency standards, both regarding the revenue sources, as well as on sectoral and expenditure level. In addition, the available budget information is not in an easily accessible format for the average citizen.

Annual budget is approved by Parliament of Georgia and is accessible to public. However, the cases, when government of Georgia reshuffles the budgetary funds and does not publish relevant decrees in a routine way, are not a rare. Therefore, non-governmental organisations, including the Green Alternative, are forced to apply to court in order to get publicly available information. That practice should be drastically changed and public information disclosure on routine way regarding the budget expenditures should become the practice.

Another, vulnerable public policy issue is Georgia's national procurement standards and practices, that is full of the different type of exemptions and/or dubious agreements between authorities and companies. Despite some progress in this field, including electronic bidding, there are still cases of mismanagement and corruption. However, even in case when corruption practices are widely reported by CSOs and Media, the governmental responses are often not adequate, while the prosecutor office does not respond publicly to the allegations raised.

### **CSO involvement**

In general, CSOs in Georgia are not participated in design and monitoring the sectoral budget support. In best-case scenarios, there was involvement of CSOs in preparation of sectoral strategies and/or inclusion of particular CSO in Steering committees. One of the major problems is that CSOs lack specific knowledge on GBS and SBS, Paris's declaration principles, lack of available information and dialogue from the governmental institutions. The problem could not be addressed in the prompt way. Therefore, it is important to ensure proper information flow beforehand of each GBS and SBS preparation, planning and execution, as well as to allocate funds for consequent capacity building of CSOs on budget monitoring.

## General and Sectoral Budget Support

We assume that the new type of Budget support that would be tested in Georgia since 2013, will address the public finance management to ensure will help to ensure better allocation of resources, improved service delivery, increased accountability and transparency, all of which contribute to economic growth and consequent poverty reduction.

Since 2007, number of Sectoral budget support lines has been proposed to Georgia, including the budget support for public finance management improvement. In addition, there were number of credit lines and grants for improved PFM through World Bank, SIDA, DFID and the Government of Netherlands. Therefore, it is important that evaluation and lessons learned report has been published before the planning for the new PFM budget support scheme.

One of the most important issues, regarding the Sectoral Budget support, relates to performance monitoring frameworks and result indicators that usually are based on formal criteria like adoption of laws and/or bylaws, preparation of reformed sector strategy preparation and each. However, it is not enough. Often the content of laws and/or bylaws may be contravene EU law and/or international law and best available practices, while the action plans developed on the basis of strategies do not fully replicate the principles and priorities stressed within the strategy.

Therefore, there is a need that budget support indicators also include the development impact indicators, that would demonstrate the impact of the undertaken measures, including compliance with EU law and/or international law and best available practices, improvements of social and environmental standards, reduction of poverty, improvements in transparency and accountability.

Thanks once again for the opportunity to express our comments and opinions regarding future budget support to Georgia.

Sincerely Yours,

Manana Kochladze  
Chair