



ANALYSIS OF BUREAUCRATIC EXPENDITURES OF THE EMERGENCY BUDGET

IN A RESPONSE TO THE CORONAVIRUS (COVID 19) PANDEMIC, ON JUNE 9, 2020, THE MINISTRY OF FINANCE OF GEORGIA PRESENTED A DRAFT AMENDMENT TO THE LAW OF GEORGIA ON THE STATE BUDGET FOR 2020. IDFI ANALYZED TO WHAT EXTENT THE AMENDMENTS ENVISAGED THE SIGNIFICANT REDUCTION IN ADMINISTRATIVE EXPENSES.

KEY FINDINGS



According to the draft amendments to the state budget, **no change is planned in the number of employees in the public sector**, which currently amounts to 112,214 employees.



The **remuneration expenses of the 2020 state budget are reduced by GEL 21.7 million** and currently amount to GEL 1,554.3 million. Despite the reduction, the current amount exceeds the remuneration costs of 2019 by approximately GEL 100 million.



Remuneration expenses were not reduced in a number of public institutions (Ministry of Internal Affairs, Prosecutor's Office of Georgia, Ministry of Defense, State Security Service, the court system, administrations of the regional governors, Central Election Commission, Administration of the Government of Georgia, etc.).



The most sizable cutbacks in remuneration expenses are planned for the Ministry of Environment and Agriculture (-5 million), the Ministry of Justice (-3.8 million) and the Ministry of Health (-2.8 million).



According to the amendments, the amount provided for **goods and services will be reduced by about GEL 58 million** (business trip expenses, representation expenses, office expenses, car fleet expenses, remuneration expenses for employees under fixed-term contracts, etc.).



In 2019, the expenses on goods and services from the state budget amounted to GEL 1.3 billion, of which GEL 103.4 million was spent on business trips and representation expenses alone. Accordingly, the cutbacks from goods and services from the state budget (GEL 58 million) are largely due to the restrictions imposed by the pandemic and **less connected with the so-called “belt-tightening policies” of the government of Georgia.**



According to the explanatory note, the consolidated budget envisages a total reduction of GEL 57 million in labor expenses and a reduction of GEL 107 million in other administrative expenses (goods and services). Given the state budget data, **a higher burden is imposed on the budgets of the Autonomous Republics and local governments in terms of reducing bureaucratic expenses.**

IDFI CALLS ON THE GEORGIAN AUTHORITIES



TO PROVIDE THE PUBLIC WITH DETAILED INFORMATION ON THE PLANNED CUTBACKS FOR EACH COMPONENT OF BOTH THE CONSOLIDATED AND ADMINISTRATIVE BUDGET EXPENDITURES (BUSINESS TRIP EXPENSES, REPRESENTATION EXPENSES, OFFICE EXPENSES, STATE VEHICLE, ETC.).



THE DRAFT AMENDMENT TO THE 2020 STATE BUDGET SHOULD TAKE INTO ACCOUNT THE MAXIMUM POTENTIAL FOR ADMINISTRATIVE EXPENDITURE CUTBACKS, INCLUDING REVISION OF LABOR, REPRESENTATION, STATE VEHICLE, OFFICE, AND OTHER BUREAUCRATIC EXPENSES.