

# **World Bank's Assessment of the Public Finance Sector in Georgia**

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# OVERVIEW

- Performance Measurement Framework
- Objectives and Methodology
- Main Findings and Observations
- Moving Forward

# PERFORMANCE MEASUREMENT FRAMEWORK

- Public Expenditure and Financial Accountability – PEFA Framework
  - standard set of high level PFM performance indicators - 31 indicators
  - credible, comprehensive and evidence-based diagnostic
  - capable of demonstrating performance changes over time.

# OBJECTIVE AND METHODOLOGY

- Objective of 2012 PEFA Assessment
  - measure progress achieved since 2007
  - identify existing weaknesses of PFM system
  - inform the Government's future reform program
- Methodology
  - self-assessment by the Government
  - quality assurance and validation by the Bank

# MAIN FINDINGS AND OBSERVATIONS...

- Credibility of the budget

	2012	2008
Aggregate expenditure out-turn compared to original approved budget	A	D
Composition of expenditure out-turn compared to original approved budget	B+	C
Aggregate revenue out-turn compared to original approved budget	B+	A
Stock and monitoring of expenditure payment arrears	A	B+

# MAIN FINDINGS AND OBSERVATIONS...

- **Comprehensiveness and Transparency**

	2012	2008
Classification of the budget	A	B
Comprehensiveness of information included in budget documentation	A	A
Extent of unreported government operations	A	B+
Transparency of inter-governmental fiscal relations	A	B
Oversight of aggregate fiscal risk from other public sector entities	C+	C+
Public access to key fiscal information	A	B

# MAIN FINDINGS AND OBSERVATIONS...

- Policy Based Budgeting

	2012	2008
Orderliness and participation in the annual budget process	A	A
Multi-year perspective in fiscal planning, expenditure policy and budgeting	B+	C+

# MAIN FINDINGS AND OBSERVATIONS...

- Predictability and Control in Budget Execution

	2012	2008
Orderliness and participation in the annual budget process	A	B
Comprehensiveness of information included in budget documentation	A	A
Extent of unreported government operations	A	B+
Transparency of inter-governmental fiscal relations	A	B
Oversight of aggregate fiscal risk from other public sector entities	C+	C+
Public access to key fiscal information	A	B

# MAIN FINDINGS AND OBSERVATIONS...

- Predictability and Control in Budget Execution

	2012	2008
Transparency of taxpayer obligations and liabilities	A	C+
Effectiveness of measures for taxpayer registration and tax assessment	A	B
Effectiveness in collection of tax payments	D+	D+
Predictability in the availability of funds for commitment of expenditures	A	B+
Recording /management of cash balances, debt and guarantees	A	A
Effectiveness of payroll controls	B+	NA
Competition, value for money and controls in procurement	A	D+
Effectiveness of internal controls for non-salary expenditure and assets management	A	C+
Effectiveness of internal audit	C+	D+

# MAIN FINDINGS AND OBSERVATIONS...

- Accounting, Recording and Reporting

	2012	2008
Timeliness and regularity of accounts reconciliation	B+	A
Availability of information on resources received by service delivery units	D	D
Quality and timeliness of in-year budget reports	D+	B+
Quality and timeliness of annual financial statements	C+	D+

# MAIN FINDINGS AND OBSERVATIONS...

- External Scrutiny and Audit

	2012	2008
Scope, nature and follow-up of external audit	B+	D+
Legislative scrutiny of the annual budget law	A	B+
Legislative scrutiny of external audit reports	D+	C+

# MOVING FORWARD

- Program budgeting: strengthening content and performance indicators
- Capital budgeting: strengthening public investment management
- Continuous capacity building
- Parliament's oversight