



# SUCCESS STORIES

## Georgia

### Developing Treasury Operations

#### Context

Georgia is a long term, active participant in PEMPAL and has both drawn on knowledge from experts and peers and has passed on valuable lessons learned based on its experience, including on its reform of treasury operations. In the 2010s, the Georgian Ministry of Finance implemented several reforms aimed at introducing fully digital interaction with all treasury clients, optimizing the structure of the treasury, and consolidating cash. The reforms were driven by a need to increase the cost-effectiveness of treasury operations, to sustain effective treasury controls and prevent fraud, and to ensure that consolidated public resources are used efficiently and effectively.

#### PEMPAL Impact

As noted by the **Mr. Erekle Gvaladze**, PEMPAL Treasury Community of Practice (TCOP) Executive Committee Chair, State Treasury of Georgia,

*"presentations of international experts and exchange of experience with peers from other national treasuries at TCOP events triggered important improvements in treasury operations in Georgia".* Such impact has been especially visible in two areas.

Firstly, following the TCOP Plenary Meeting in Tirana (2015) on *Selected Issues in Liquidity Management & Treasury Controls* as well as other TCOP Cash Management Thematic Group discussions, the State Treasury of Georgia introduced the practice of information exchange between State Treasury and State Procurement Agency about payments, done according to budget appropriations, within existing contracts, that helped **to significantly reduce fraud and strengthen treasury control.**

Secondly, following the discussions at the meeting of the TCOP Cash Management Thematic Group, the State Treasury of Georgia introduced a cash buffer and moved to more active cash management practices. Since 2017, Georgia has been using auctions to place temporarily available funds in commercial

banks. The deposit maturities vary from 1 week to 6 months, and 99% of all auctions require collateral to reduce risks (the auctions without collateral target smaller banks). Implementing active cash management instruments resulted in **additional interest revenues** reaching 0.72% of the national annual budget.

**The experience of Georgia in modernizing treasury operations has, in turn, made a significant impact on treasury development in other PEMPAL countries.** Thus, during the meeting of the IT thematic group in Tbilisi, Georgia, in 2015 and at the TCOP Plenary Meeting in Vienna in 2017, the State Treasury of Georgia presented the approaches to and the results of the *Green Corridor* project – a technical solution that allows for automatic authorization and processing of low-risk payments by the treasury that has helped Georgia to reduce transactional costs, minimize payment processing time, and concentrate on major risks and has inspired other countries, including **Azerbaijan** and **Kazakhstan**, to adapt similar approaches.

The positive experience in treasury modernization gained by the State Treasury of Georgia has generated significant interest in the community and was presented both at face-to-face and virtual events. For the past years, in addition to the Green Corridor project, the Treasury of Georgia has shared its experience in automating accounting (2018), treasury single account design (2021), extending treasury coverage (2024), and moving to active cash management (2024-2025).



Noteworthy, the impact of PEMPAL was much beyond the events per se. Several PEMPAL countries (including Azerbaijan, Kazakhstan, and Uzbekistan) approached Georgia bilaterally and learned from the Georgian experience.

— **Erekle Gvaladze**

State Treasury of Georgia, TCOP ExCom Chair



## Next Steps

Given the high interest in the Georgian experience, the State Treasury of Georgia has invited TCOP members to an extended study visit to Tbilisi planned for May 2025. The themes for discussion will include International Public Sector Accounting Standards reforms, unified tax code, cash management practices, efforts to extend the treasury single account coverage, and the prospects of using artificial intelligence in treasury operations. We hope that this study visit will inspire PEMPAL countries to further improve treasury performance.



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