



SUCCESS STORIES

Georgia, Azerbaijan, Kazakhstan, Kyrgyz Republic,
Tajikistan

Green Corridor: Leveraging Technology to Implement Risk-Based Approaches in Payment Authorization & Processing

Context

Most PEMPAL countries have created national treasury units as revenue and payment processing centers of the national Ministry of Finance. Thus, payment authorization and processing is a core treasury function: by exercising payment controls treasuries prevent fraud, misappropriations, and other violations and errors occurring during the budget execution. Since the risks of such violations and errors vary by type of payment, concentrating efforts on the control of the riskiest payments helps to ensure the timely release of payments and efficient use of public funds. Transitioning from paper-based to digital interaction with treasury clients offers new opportunities for implementing a risk-based approach to treasury controls.

PEMPAL Impact

The risk-based approach in treasury controls has been a key topic discussed by the PEMPAL Treasury Community of Practice (TCOP) Thematic Group on the Evolution of the Treasury's Role and Functions. It was among the main themes of three TCOP Plenary Meetings in 2015 (Tirana), 2017 (Vienna), and 2023 (Almaty). Leveraging digital technologies for improving the quality of treasury operations has also been central for several TCOP discussions, including the meeting of the Thematic Group on the Use of IT Operations.

Georgia innovated a new **Green Corridor** project – a technical solution that allows for automatic authorization and processing of low-risk payments by the treasury. About 70% of all payments go through

Green Corridor, and the approach helped Georgia to reduce transaction costs, minimize payment processing time, and concentrate on major risks. Georgia was able to expand treasury coverage and raise productivity: following the TSA extension, the number of treasury clients and payments tripled while the number of treasury staff remained the same.

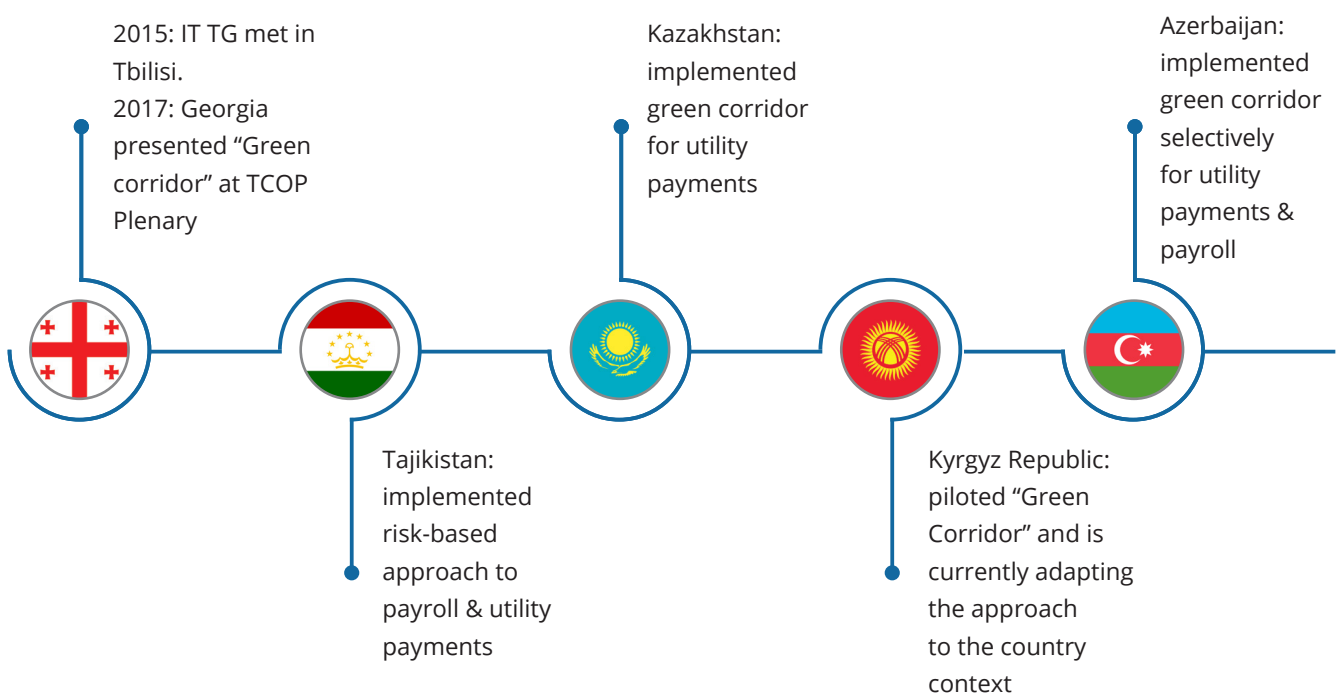
The Treasury of Georgia kept PEMPAL colleagues updated on the project, explaining the approaches and outlining the results. Building on this peer-to-peer learning and exchange of experience enabled by TCOP, other PEMPAL countries introduced similar risk-based approaches to payment authorization and treasury controls. Following the presentation of the Georgian experience at the TCOP Plenary in 2017, the Treasury Committee of **Kazakhstan** implemented the Green Corridor approach for utility payments. The State Treasury Agency of **Azerbaijan** introduced the Green Corridor approach selectively for payroll and utility payments. The Central Treasury in the **Kyrgyz Republic** piloted the Green Corridor approach in 2021-2024 and is currently adapting it to account for the country's context. The Central Treasury in **Tajikistan** minimized treasury controls for low-risk payments.

Next Steps

Given the overall success of the Green Corridor project, **Georgia** plans to further enhance it using the potential of **artificial intelligence (AI)**. A pilot project on using AI to identify risky transactions is currently being implemented. Once AI is introduced, it is expected that 90% of payments will be processed through the Green Corridor (released automatically), while the treasury will control and authorize 10% of total payments. Employing AI in treasury controls is critical since a significant extension of the treasury single account is underway. It is expected that the number of clients and the number of payments will double after all schools and kindergartens are covered by the treasury single account.

Using AI for risk-based treasury controls is also being piloted by countries outside the PEMPAL region, including **Indonesia**. The experience of the Treasury in Indonesia was presented at the 2024 TCOP Plenary in Belgrade. The discussions at the TCOP events revealed a high interest of TCOP members in leveraging the potential of AI for implementing risk-based approaches to payment authorization and processing and in other areas of treasury operations which will become one of the focal themes for TCOP events in 2026-2030.

Figure. Implementing the Green Corridor for Payment Authorization in PEMPAL Countries





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