



2020 Y.

Review of 2019 State Budget Execution of Georgia



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Parliamentary Budget Office, 2020 Y.

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In accordance with the Budget Code of Georgia, State Budget transitioned to program format from 2012, what correspondingly envisages unification of programs according to priorities. Correspondingly, data analysis is generally implemented from 2012.

Main indicators of the State Budget

General Review of the State Budget Execution

According to the law of Georgia “State Budget law of Georgia 2019” the planned annual **total revenues** defined with the amount of 12,956.5 million GEL, while the planned annual **total expenditures** defined - 13,313.1 million GEL. In 2019 the execution of total revenues amounted to 13,252.2 million GEL - 102.3% of an annual plan¹ and reaches the 103% of the initial annual plan (12,863.8 million GEL), while exceeding the same indicator of the previous year by 558.8 million GEL (by 4.4%). As to the execution of total expenditures of 2019, the indicator of total expenditures amounted to 13,469.7 million GEL², 101.2% of the annual and 102.9% of the initial annual plan (13,090.0 million GEL), exceeding the same indicator of previous year by 7% (879.5 million GEL).

The diagram below represents the indicators of 2012-2019 State Budget total expenditures and total revenues execution and annual plans.

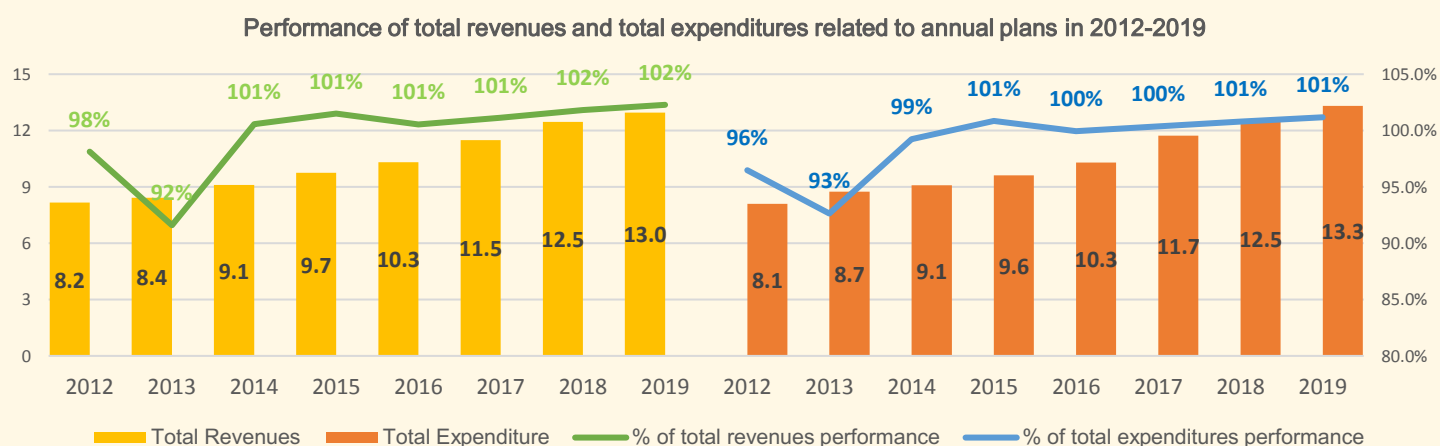


Diagram 1: Performance of total revenues and total expenditures related to annual plans in 2012-2019 (billion GEL, %).

As to the execution of total revenues according to the components, the indicators of revenues and incurrence of liabilities stand out with good performance level towards the annual plan, whereas the indicators of Disposals of nonfinancial assets and disposals of financial assets are executed with important exaggeration. Namely, the execution of revenues amounts to 101.3% of an annual plan and the execution of incurrence of liabilities amounts to – 105.4%, whereas Disposals of nonfinancial assets amounts to – 116.5% and disposals of financial assets amounts to 123.8% of an annual plan. The performance of mentioned components of total revenues in relation to the initial annual plans is characterized by similar deviations. In particular, the performance of Disposals of nonfinancial assets is 133.2% of the initial plan, while the execution of Disposals of financial assets is 123.8%. As to the revenues and incurrence of liabilities, their performance indicator correspondingly amounts to 101.8% and 106.8% of an initial annual plan.

Towards the annual plans 3 component of the total expenditures stand out with good performance level: expenses – 99.8%, acquisitions of nonfinancial assets – 105.5% and reductions of liabilities – 99.2%, whereas the indicator of acquisitions of financial assets stand out with important deviation (133.2%). Likewise, the annual plan, abovementioned 3 component of total expenditures stand out with good performance level relatively to the adjusted plan (expenses – 100.3%, acquisitions of nonfinancial assets – 103.1% and reductions of liabilities – 99.5%), whereas the execution of acquisitions of financial assets amount to 128.6% of the adjusted plan. As to the execution of the total expenditures’ components relatively to the initial annual plans, in this case too expenses, acquisitions of nonfinancial assets and reductions of liabilities stand out with good performance level (correspondingly, 103.5%, 104.8% and 102.7%), whereas the indicator of acquisitions of financial assets amounts to 76.9% of the initial plan.

¹ The 2019 initial annual plan represented in the given document implicates 2019 State Budget indicators approved in December 13, 2018, whereas annual plan implicates defined planned indicator by october amendment to the 2019 State Budget law.

² The exceed of an actual execution of total expenditures and its certain components is caused by direct investment transfers of grants and credits and by reflection of target grants only in the performance indicator.

	2019 Initial Plan	2019 Annual Plan	2019 Adjusted Plan	2019 Actual	% towards initial plan	% towards annual plan	% towards adjusted Plan
Total Revenues	12,863.8	12,956.5	12,956.5	13,252.2	103.0%	102.3%	102.3%
Revenues	10,487.7	10,540.4	10,540.4	10,675.0	101.8%	101.3%	101.3%
Disposals of nonfinancial assets	70.0	80.0	80.0	93.2	133.2%	116.5%	116.5%
Disposals of financial assets	120.0	120.0	120.0	148.5	123.8%	123.8%	123.8%
Incurrence of liabilities	2,186.1	2,216.1	2,216.1	2,335.4	106.8%	105.4%	105.4%
Total Expenditures	13,090.0	13,313.1	13,313.1	13,469.7	102.9%	101.2%	101.2%
Expenses	9,641.1	9,999.1	9,944.7	9,975.5	103.5%	99.8%	100.3%
Acquisitions of nonfinancial assets	2,152.3	2,137.6	2,187.3	2,256.1	104.8%	105.5%	103.1%
Acquisitions of financial assets	362.7	209.4	216.9	278.9	76.9%	133.2%	128.6%
Reductions of liabilities	933.9	967.1	964.3	959.2	102.7%	99.2%	99.5%
Net change in the stock of cash	-226.3	-356.6	-356.6	-217.5			

Table 1: Performance of the 2019 state budget total revenues and total expenditures by components (million GEL, %).

The review of the revenues received from the **taxes** is particularly important in the State Budget total revenues, on which the 90.5% comes from the revenues received in 2019, whereas the 72.9% comes from the total revenues. In 2019, State Budget received 9,665.6 million GEL from the taxes, amounting 100.2% of initial and annual plan (9,645.0 million GEL, the indicator of the taxes total amount of the initial plan has not changed as the result of the amendment in the State Budget law in October 2019). The diagram below represents the 2019 State Budget tax revenues according to months.

Dynamics of State Budget tax revenues by months in 2019

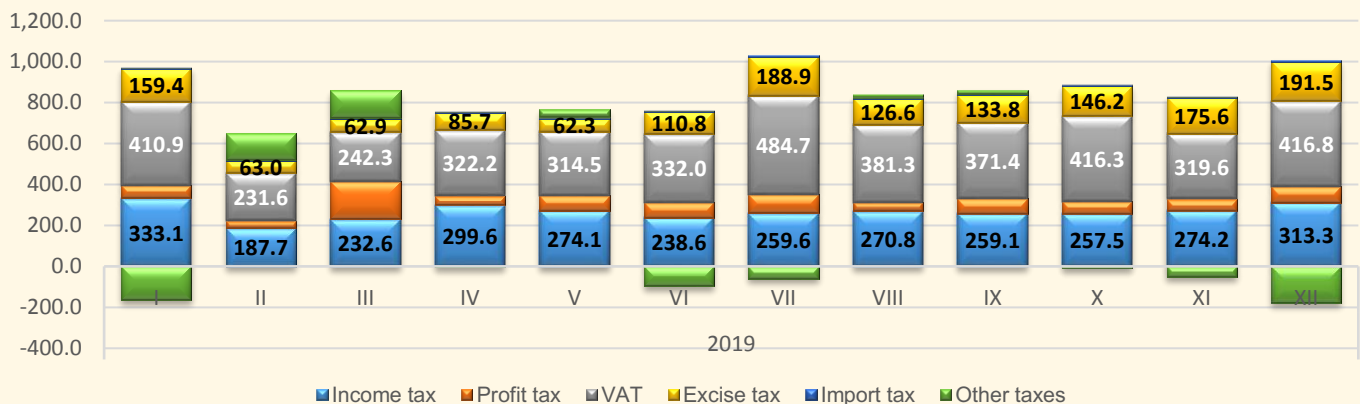


Diagram 2: Dynamics of State Budget tax revenues by months in 2019 (million GEL).

As represented on the diagram, the State Budget have received the highest revenue from taxes in July 2019 (973.4 million GEL), whereas the lowest revenue was received in February (649.4 million GEL), the average monthly indicator was – 805.5 million GEL. As to the structure of revenues received from taxes, major share comes from the revenues received in the ways of VAT and income tax, what annually amounts to – 4,243.6 million GEL and 3,200.3 million GEL – 43.9% and 33.1% of the tax revenues in 2019.

Structure of revenues received from taxes in 2019

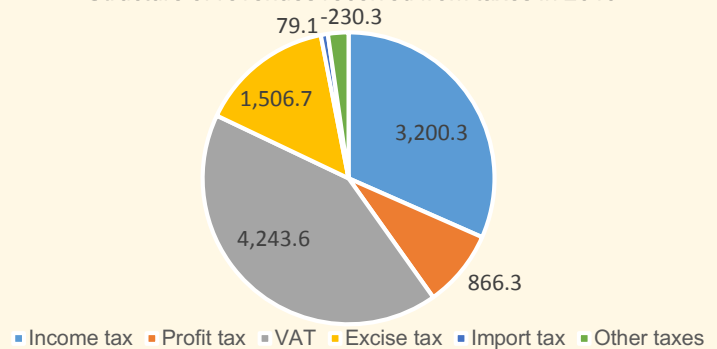


Diagram 3: Structure of revenues received from taxes in 2019 (million GEL)

As to the **expenses**, which is the greatest component of State Budget total expenditures, it amounts to 74.1% of 2019 total expenditures. The diagram below represents the 2019 State Budget expenses according to months.

2019 State Budget expenses according to months

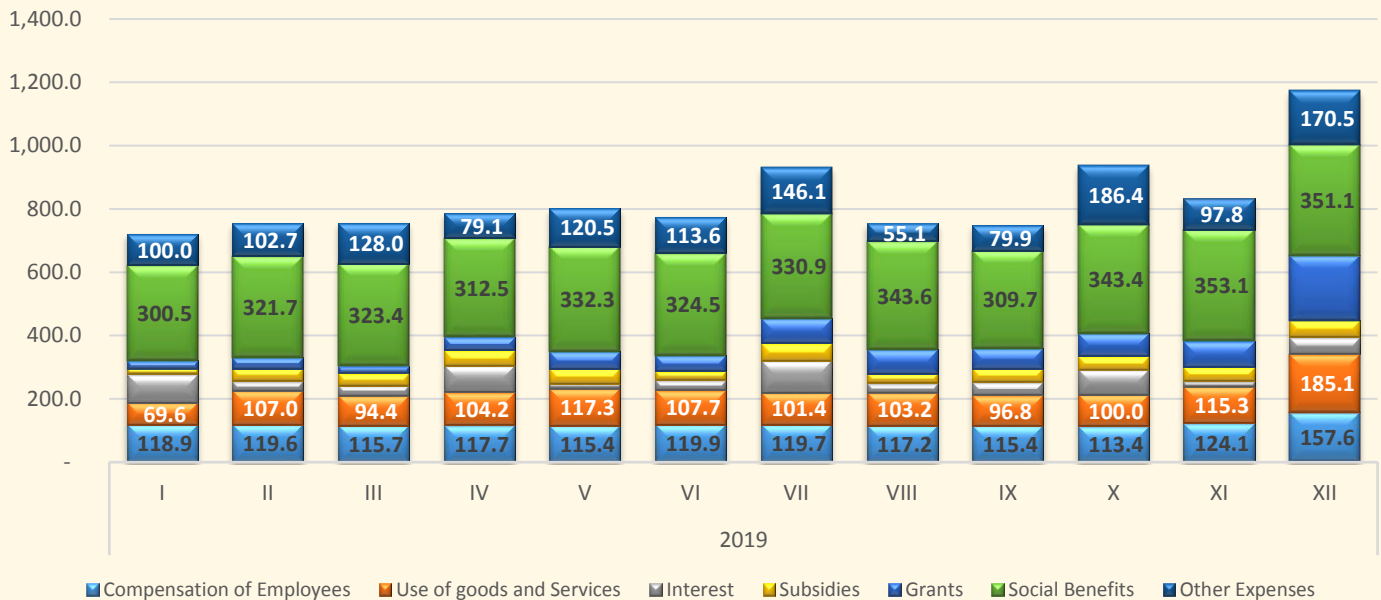


Diagram 4: 2019 State Budget expenses according to months (million GEL).

In December 2019 the biggest amount of expenses was incurred from the State Budget (1,174.4 million GEL), whereas the smallest amount was incurred in January (721.9 million GEL), monthly average indicator of the expenses amounts to 831.3 million GEL. As to the structure of the expenses according to economic classification, the “social security” has the greatest share, amounting 39.6% (3,946.6 million GEL) of the expenses incurred in 2019. “Compensation of Employees”, “other expenses” and “Use of goods and services” are defined with - 14.6%, 13.8% and 13.1%, correspondingly, equals to 1,454.7 million GEL, 1,379.8 million GEL and 1,301.9 million GEL in nominal expression.

Structure of 2019 State Budget expenses

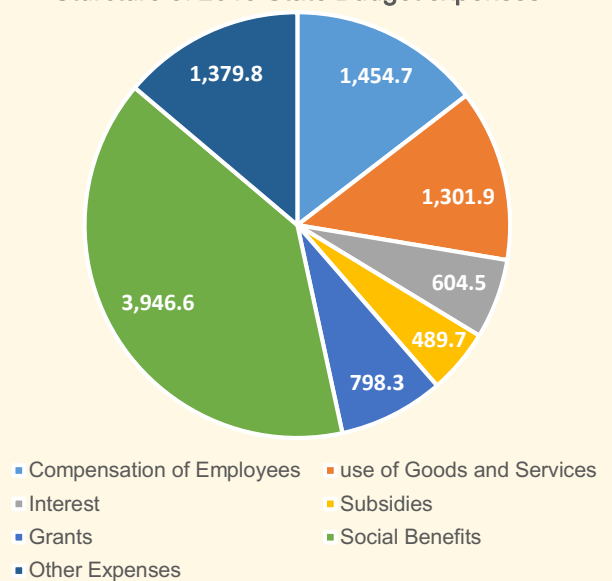


Diagram 5: Structure of 2019 State Budget expenses (million GEL)

In 2019, the State Budget **Gross operating balance**³ was - 699.5 million GEL, whereas the **net lending/Net borrowing balance**⁴ – -1,463.4 million GEL. The figure below shows the 2019 gross operating and net lending/net borrowing balance according to months.

³ Gross Operating Balance is the difference between revenue and expenses. It can be both positive and negative.

⁴ Net Lending/Net Borrowing Balance is the distinction between Gross operating balance and Gross investment in nonfinancial assets and indicates the Budget surplus (positive value) and Budget deficit (negative value).

2019 Gross operating Balance and net lending/net borrowing balance according to months

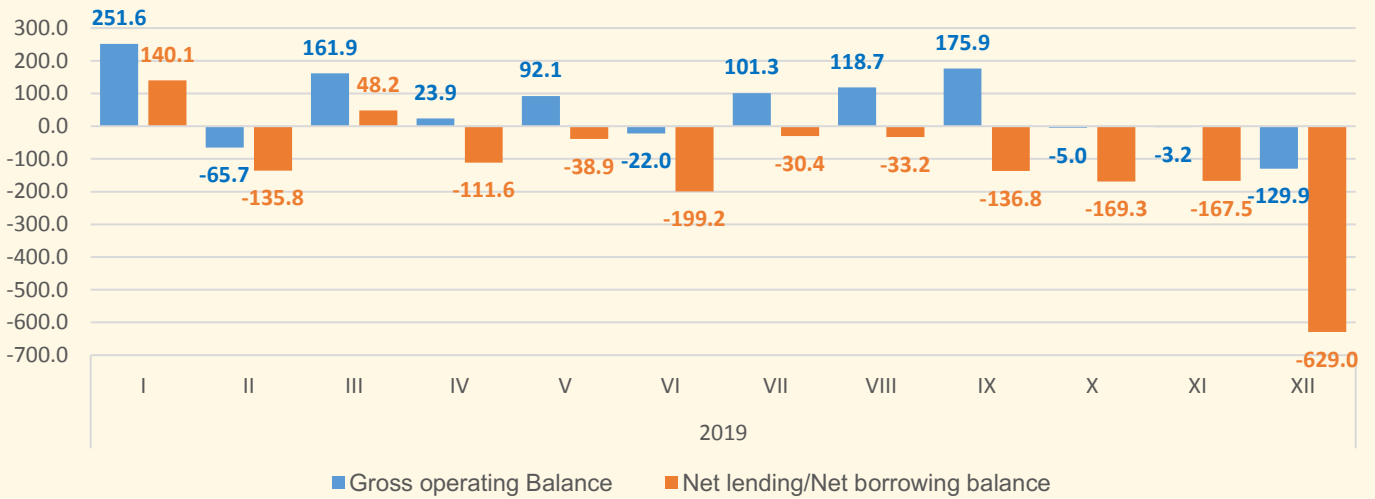


Diagram 6: 2019 Gross operating balance and net lending/Net borrowing balance according to months (million GEL).

As to the **net change in the stock of cash**, at the beginning of the 2019, the adjusted State Budget balance was 661.2 million GEL. With the total revenues and total expenditures taken into account, the net application in the stock of cash amounted to 217.5 million GEL and correspondingly, by the end of 2019, the State Budget balance amounted to 443.7 million GEL.

The diagram below represents the 2019 State Budget total revenues, total expenditures and net change in the stock of cash according to months.

State Budget total revenues, total expenditures and net change in the stock of cash according to months in 2019

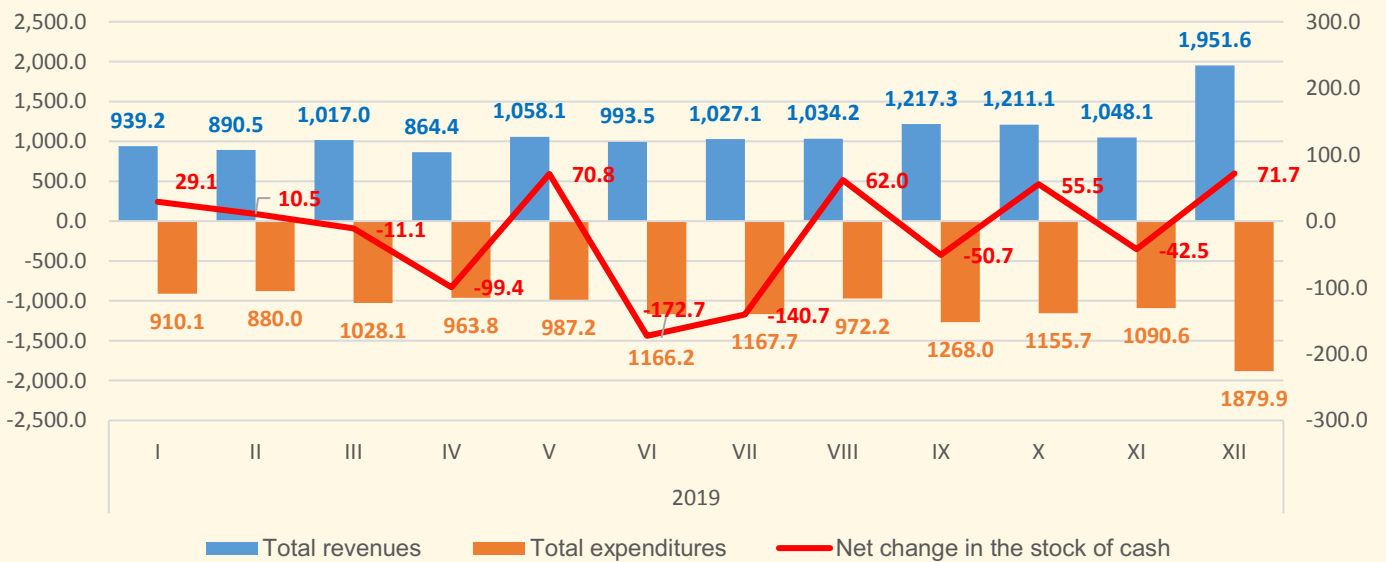


Diagram 7: State Budget total revenues, total expenditures and net change in the stock of cash according to months in 2019 (million GEL).

Macroeconomic parameters fixed by the Organic Law of Georgia on "Economic Freedom"

In 2019, the growth of the GDP was defined at 5.1%⁵, exceeding attached forecast of the initial annual plan (4.5%) by 0.6 percentage point (p.p), and exceeding the parliamentary budget office forecast of the same time period (4.7%) by 0.4 p.p. It needs to be mentioned, that the renewed forecast (presented with amendment of the 2019 State Budget law in October) made by the government of Georgia was unchangeable according to the 2019 GDP, in the same way, the forecast of the Budget Office has not changed relatively towards the 2019 GDP. In nominal expression the gross domestic product was defined at 50,002.2 million GEL in 2019, exceeding the same indicator of the previous year by 12.1%. Whereas the GDP per capita amounts to 13,428.9 GEL (4,763.5 USD).

The highest economic growth trends in 2019 were seen in the following fields: information and communication (15.2%), professional, scientific and technical activities (14.4%), art, entertainment, recreation (14.3%), health and social service activities (9.6%), administrative and support service activities (9.4%), accommodation and food service activities (8.9%), retail and wholesale trade (8.8%).

The sectoral analysis of the GDP shows that all the fields except from the agriculture, financial activity and state governance, have made a positive impact. It is worth mentioning the contribution of the following aspects: Trade (1.0 p.p)), transactions with real estate (0.7 p.p), transport (0.7 p.p) and education (0.7 p.p).

As to the GDP analysis according to the expenditure, on the grounds of 2019 preliminary data, with the estimation of the Budget Office, net consumption share amounts to 5.7 p.p in 5.1% growth of the real GDP, the investments made negative 1.2 p.p contribution, whereas the positive contribution of the net export was defined at 0.5 p.p.

The connection between the dynamics of the total factorial productivity and economic activity is very interesting, and for its estimation, it is important to analyze the accordance of current economic growth towards the potential, available for the country to use in frames of optimal assimilation and utilization of its resources. The most valid is to calculate the so-called potential GDP and should be compared to the actual situation. This difference between real and potential GDP will be the so-called GDP gap⁶.

The evaluation of the potential GDP by the Parliamentary Budget Office shows that from 2016 **the negative gap of the GDP represents significant improvement trend** and is also importantly reduced in 2019. It is worth mentioning that economic activity in 2019 insignificantly falls behind its potential rate and the GDP gap is improved by 0.4 p.p towards the same time period of the previous year.

Organic law of Georgia on "Economic Freedom"⁷ establishes **maximum limits for macroeconomic parameters**:

- The ratio of the deficit of the state's unified budget⁸, defined by the Budget code of Georgia, to GDP – **no more than 3%**;
- The ratio of Government debt⁹ to GDP **shall not be more than 60%**.

The deficit¹⁰ of the state's unified budget for 2019 was planned with the amount of 1,146.7 million GEL, whereas the forecasted indicator of the GDP was defined at 44,857.6 million GEL. Accordingly, the ratio of the deficit of the state's unified budget to GDP amounts to 2.6%.

⁵ See in detail the document prepared by parliamentary budget office "Macroeconomic Environment of Georgia 2019" http://pbo.parliament.ge/media/k2/attachments/makro_cliuri_2019.pdf

⁶ If the actual GDP exceeds its potential level, then we have a positive GDP gap (inflation gap), and if the actual GDP lags behind the potential, then there is a negative GDP gap in the country, which is often called recessive GDP.

⁷ Article 2. Determination of maximum limits of macroeconomic parameters.

⁸ According to the Budget Code of Georgia, the state's unified budget is the consolidated budget of the Central, Autonomous Republics unified republican and Unified Municipal Budgets of Local Self-Government Units.

⁹ For these purposes, the debt of the Government of Georgia includes: a) The State Debt defined by the Law of Georgia on "State Debt", excluding the NBG commitments; b) The Debt contracted by the budget organizations, excluding their borrowing from other budget organizations. This margin also envisages the current value of the commitments made within the basic principles of public-private partnership and corresponding projects of the criteria of public-private partnership, which is envisaged in the Law of Georgia on Public-Private Partnership.

¹⁰ According to Article 12 of the Budget Code, a negative Net Lending/Net Borrowing Balance is a budget deficit, while a positive Net Lending/ Net Borrowing Balance is a budget surplus.

As to the actual execution, the GDP was defined at 50,002.2 million GEL in 2019 nominal expression, whereas the deficit of the state's unified budget amounted 1,297.4 million GEL, 2.6% of the GDP.

It needs to be mentioned that abovementioned budget balance/deficit rule defined by organic law, with the existing editorial, operating from 2019, whereas before 2019 the deficit rule was defined as the ratio of consolidated budget deficit (negative net lending/Net borrowing balance) to GDP.

Considering all the above mentioned, the diagram below represents the ratio of the state's unified budget and consolidated budget deficits to GDP in the years of 2015-2019.

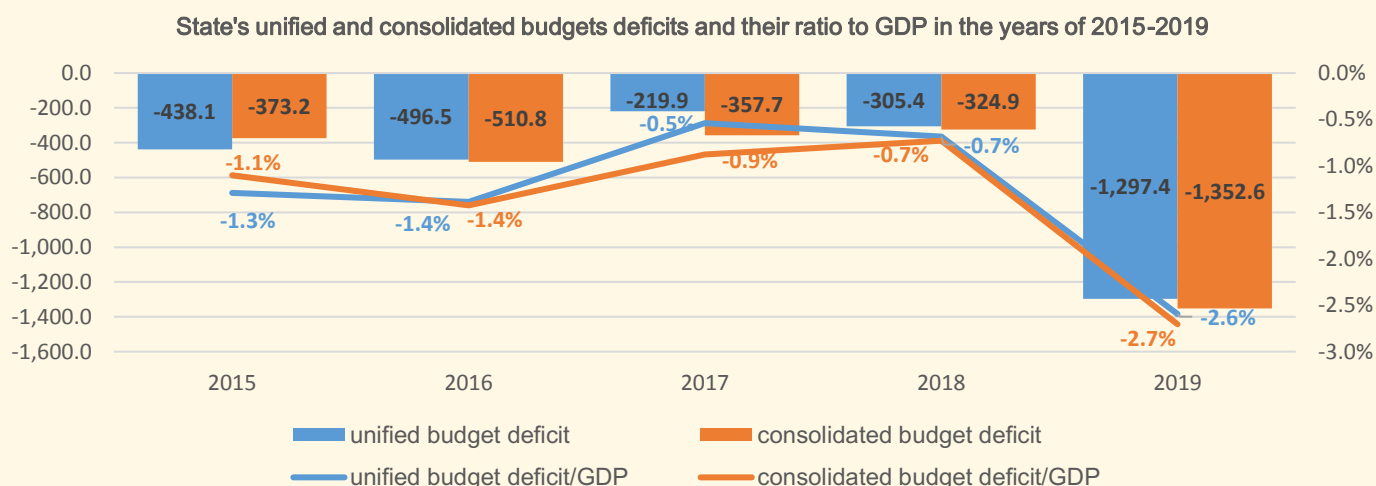


Diagram 8: State's unified and consolidated budgets deficits and their ratio to GDP in the years of 2015-2019 (million GEL, %).

As to the second maximum limit of the macroeconomic parameters determined by the organic law of Georgia on "Economic Freedom", (Debt rule), by the law of Georgia "State Budget law of Georgia 2019"¹¹, the amount was defined with 44.3% of the GDP by the end of 2019, the balance of governmental debt by the 31th of December was defined at 19,915.7 million GEL and 39.8% of the GDP by an actual condition.

The state debt considered by the law of Georgia on "State Debt", from the governmental debt, (except from the commitments of the National Bank of Georgia) by 31 December of 2019 is defined at - 19 908.9 million GEL, whereas the debt balance from debts taken by the budgetary organizations is defined at - 6.8 million GEL.

Furthermore, the external governmental debt, 15,749.7 million GEL appears to be 79.1% of the total governmental debt. The great share of the indicated credit resource is received from multilateral and bilateral donors/partners for financing country's first claim infrastructural projects. The 55% of the governmental external debt portfolio consists of fixed interest rate credits. This circumstance assists the security of the external debt service parameters of Georgian Government from the exogenous fluctuation of the interest rate and guarantees the preservation of expenses from the debt service on low-level.

	Balance as of 31.12.2019
Government external debt balance	15,749.7
From multilateral lenders	11,262.3
From bilateral lenders	3,048.7
Other external debt	1,433.9
State guaranteed loans	4.8
Government domestic debt balance	4,166.0
Total government debt balance	19,915.7

Table 2: Structure of government debt balance as of 31.12.2019 (million GEL)

Government domestic debt, 4,166.0 million GEL appears to be 20.9% of total government debt. 3,766.4 million GEL is debt in part of treasury liabilities and bonds, 392.8 million GEL in – "Bonding for NBG and Open Market Operations" and the balance – 6.8 million GEL from the debts of budgetary organizations.

Herewith, the existing edition of the debt rule determined by the abovementioned organic law, operates from 2019, whereas before 2019 it was defined as the ratio of the state debt to GDP.

¹¹ Article 14 "Forecast of the threshold parameters established by the organic Law of Georgia on Economic Freedom"

The diagram below shows the amounts of state debt of Georgia and the amount of Government debt of Georgia and their ratio to GDP for the years of 2012-2019¹².

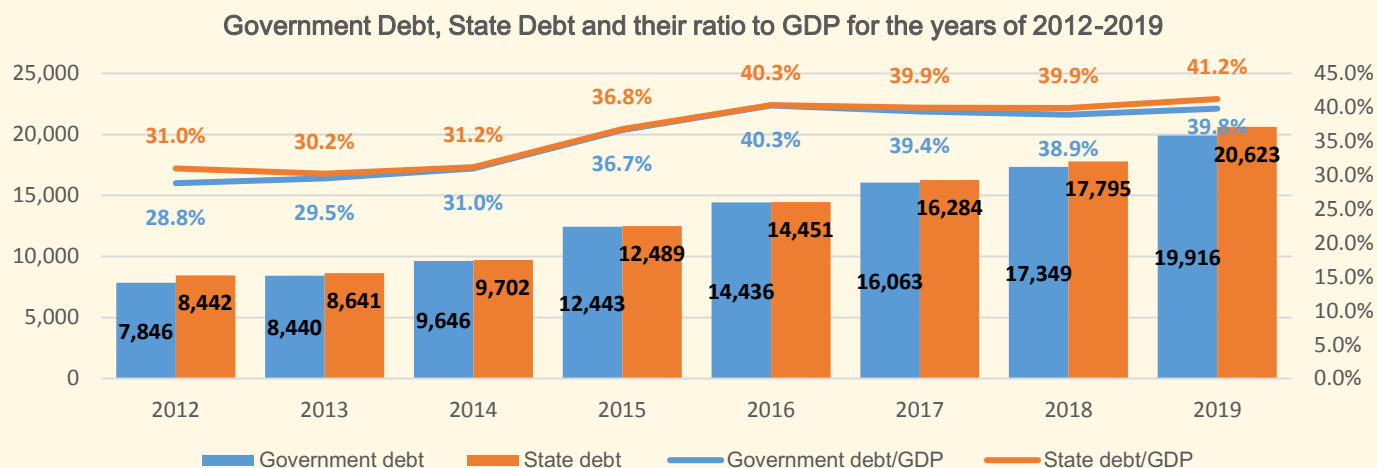


Diagram 9: Government Debt, State Debt and their ratio to GDP for the years of 2012-2019 (million GEL, %).

¹² The information presented in Diagram 9 does not include the conditional amount of historical debt in the amount of 672 million GEL. In addition, from November 2019, The National Statistics Office of Georgia has adopted a new standard of the National Accounting System (SNA 2008), which means the calculation of GDP according to the new methodology. In the calculations of the presented document, the amount of GDP is calculated in accordance with the new methodology by National Statistics Office of Georgia.

State Budget Total Revenues

According to the law of Georgia “State Budget law of Georgia 2019” the planned annual **total revenues** plan was defined with the amount of 12,956.5 million GEL, whereas the total indicator of the performance was – 13,252.2 million GEL, 102.3% of an annual plan and 103% of an Initial annual plan (12,863.8), whereas exceeded the indicator of the same time period of previous year by 558.8 million GEL (by 4.4%).

The indicator of the State Budget total revenues shows annual growth trend (except from 2013) and stands out with the variability of growth rate indicator. In 2013-2019 the average growth rate of total revenues equals to – 7.7%, whereas the same indicator for the 2019 decreased till 4.4%.

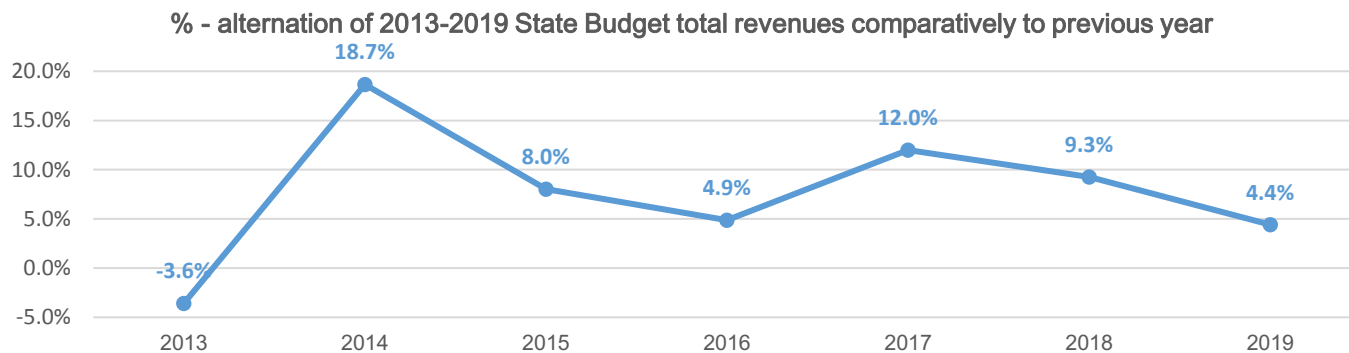


Diagram 10: % - alternation of 2013-2019 State Budget total revenues comparatively to previous year (%).

As to the execution of the total revenues on components level: according to the initial, also to the final annual plan, all the receipts received by total revenues (revenues, funds received from financial assets transactions (except from the balance application), funds received from nonfinancial assets transactions and funds received from liabilities) were received by exceed, though total revenues received from disposals of nonfinancial and financial assets show important positive deviation. The execution of total revenues components is between the range of 101%-124%.

Title	2018 Actual	2019 Initial Plan	2019 Annual Plan	2019 Actual	2019 Actual / 2019 Annual Plan		2019 actual towards Initial Plan %	2019 Actual / 2018 Actual	
					Distinction	%		Distinction	%-Alternation
Total revenues	12,693.4	12,863.8	12,956.5	13,252.2	295.7	102.3%	103.0%	558.8	4.4%
Revenues	10,595.6	10,487.7	10,540.4	10,675.0	134.6	101.3%	101.8%	79.4	0.7%
Taxes	9,696.0	9,645.0	9,645.0	9,665.6	20.6	100.2%	100.2%	-30.4	-0.3%
Grants	404.0	382.7	390.4	489.6	99.2	125.4%	127.9%	85.6	21.2%
Other revenues	495.7	460.0	505.0	519.8	14.8	102.9%	113.0%	24.2	4.9%
Disposals of nonfinancial assets	101.0	70.0	80.0	93.2	13.2	116.5%	133.2%	-7.8	-7.7%
Disposals of financial assets	119.2	120.0	120.0	148.5	28.5	123.8%	123.8%	29.4	24.7%
Incurrence of liabilities	1,877.6	2,186.1	2,216.1	2,335.4	119.3	105.4%	106.8%	457.8	24.4%
External	1,455.3	1,686.1	1,316.1	1,386.6	70.5	105.4%	82.2%	-68.7	-4.7%
Domestic	422.3	500.0	900.0	948.8	48.8	105.4%	189.8%	526.5	124.7%

Table 3: 2018-2019 State Budget total revenues (million GEL, %).

Relatively to previous year, the indicator of the total revenues has increased by 558.8 million GEL. The indicated 4.4% growth mainly comes from the total revenues received from the incurrence of liabilities, which is connected with incurrence of domestic liabilities by 526.5 million GEL (net income received from issuance and coverage of treasury liabilities and treasury bonds). Little growth is seen in receipts received by revenues and disposals of financial assets, whereas the total revenues from disposals of nonfinancial assets slightly lag behind the same indicator of 2018.

The diagram below represents 2012-2019 State Budget total revenues according to components:

2012-2019 Dynamics of State Budget Total Revenues

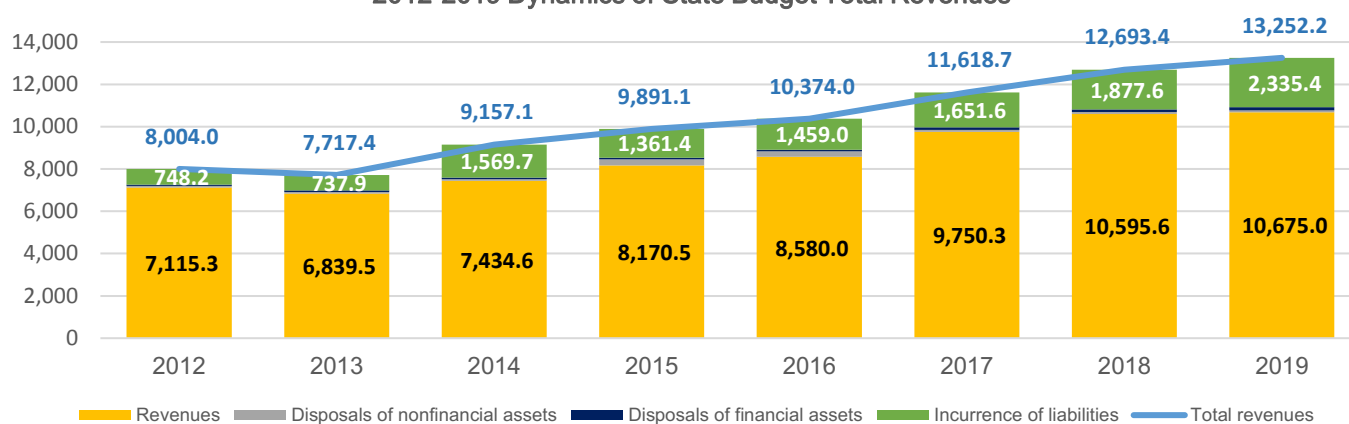


Diagram 11: 2012-2019 Dynamics of State Budget Total Revenues (million GEL).

As represented on the diagram, State Budget total revenues show growth trend in previous years, what is the result of the important growth of the total revenues main components – revenues and incurrence of liabilities. Average growth rate (22.4%) of 2013-2019 total revenues received from incurrence of liabilities is much higher compared to revenues similar indicator (6.1%), what is accordingly reflected on the total revenues structure: the share of receipts received by incurrence of liabilities in total revenues increases from 9.3% to 17.6% in 2012-2019 (correspondingly, the share of revenues decreases from 88.9% to 80.6%). It needs to be mentioned that, increase of total revenues from the incurrence of liabilities is connected with domestic and external liabilities (additionally see “incurrence of liabilities”). The main share of external liabilities is mainly obtained for financing infrastructural and capital projects. The amount of total revenues received from domestic liabilities (Issuance and coverage of domestic securities) grow significantly in total liabilities, with 71.0% average growth rate in 2013-2018. Whereas the same indicator was - 124.7% in 2019 (the indicated increase stipulates the growth of incurrence of liabilities total amount by 24.4%), what is correspondingly reflected on the structure of the total revenues received from the incurrence of liabilities: the share of the total revenues from the incurrence of domestic liabilities increase in total liabilities indicator of 2012-2018 from 7.8% to 22.5%. Whereas in 2019, nearly approaches external loans share and amounts to – 40.6%.

For the representation of the percentage distribution of the main components, the diagram below shows percentage distribution of components of State Budget total revenues in 2012-2019:

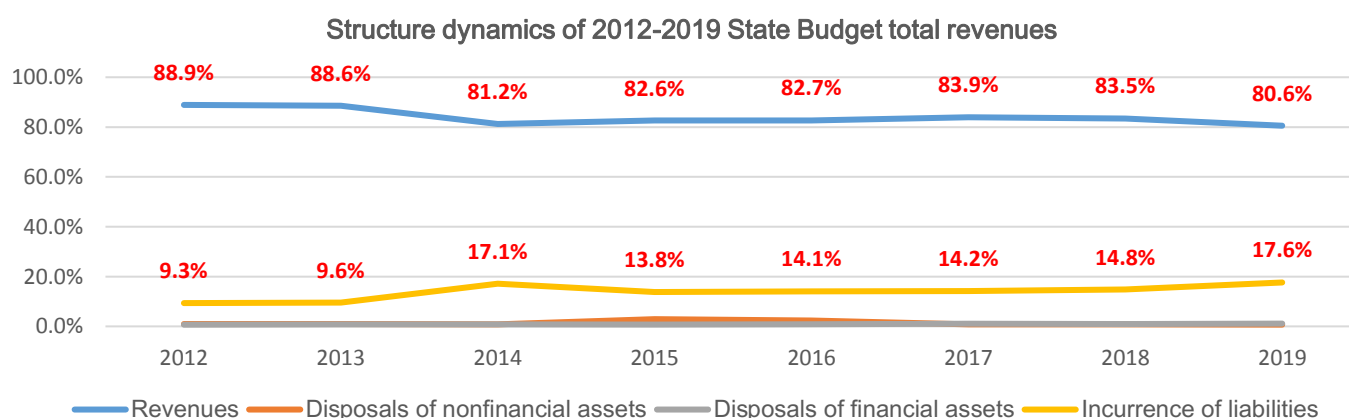


Diagram 12: Structure dynamics of 2012-2019 State Budget total revenues (%)

While considering 2019 total revenues, it is important to review the execution of 2019 State Budget total revenues according to months. The highest indicator of the total revenues was recorded in December (1,951.6 million GEL), whereas the least – in April (864.4 million GEL). The mobilization of 14.7% of annually received total revenues was made in December, just when the indicator of the rest - 11 month amounted to 7.8%. The high performance of total revenues in December are connected with high execution of all the components in indicated month. Firstly, high performance level is related with the total revenues received from incurrence of liabilities, from which in December, 36% of annually received sum was reflected in the budget (including nearly half, 48.2% of the loans received from external sources were reflected in December).

Total revenues received from disposals of financial and nonfinancial assets stand out with high mobilization indicator in last month of 2019 (relatively, 30.3% and 23.9% of an annual actual indicator), total revenues received from the revenues were defined at 9.8% of annual actual indicator.

The low performance of the total revenues in 2019 April is related with the low performance of all the components of total revenues comparatively to annual actual indicator. Namely, revenues received in April forms 7.6% of the annual indicator, 1.6% is an indicator of disposals of nonfinancial assets, 5.3% is disposals of financial assets and 1.9% is an indicator of incurrence of liabilities.

The diagram below represents 2019 State Budget total revenues according to months:

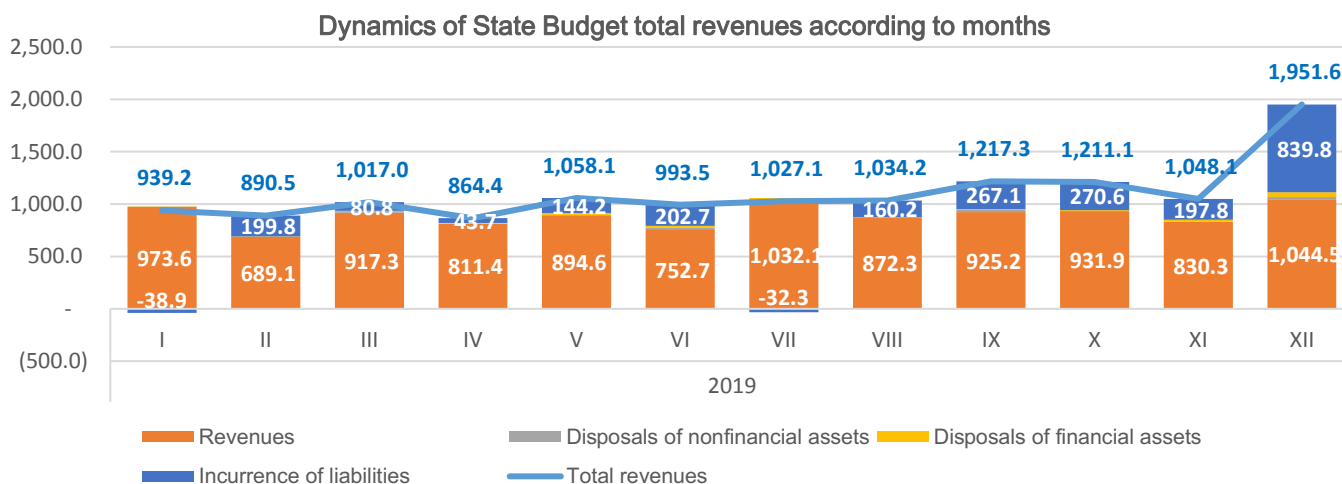


Diagram 13: 2019 Dynamics of State Budget total revenues according to months (million GEL)

Revenues

The plan of 2019 State Budget **revenues** was defined at - 10,540.4 million GEL, whereas the execution amounted to 10,675.0 million GEL, composing 101.3% of an annual plan and insignificantly exceeding the same indicator of the previous year – by 79.4 million GEL (by 0.7%). Certain components of the revenues:

- In ways of **tax revenues** (on which 90.5% of revenues were formed) 9,665.6 million GEL is mobilized in 2019, 100.2% of an annual plan (9,645.0 million GEL), less than the indicator of previous year's same time period by 30.4 million GEL (by 0.3%).

Title	2018 Actual	2019 Initial Plan	2019 Annual Plan	2019 Actual	2019 Actual / 2019 Annual Plan		2019 actual towards Initial Plan %	2019 Actual / 2018 Actual	
					Distinction	%		Distinction	% - Alternation
Tax Revenues	9,696.0	9,645.0	9,645.0	9,665.6	20.6	100.2%	100.2%	-30.4	-0.3%
Income tax	2,877.9	3,166.0	3,150.0	3,200.3	50.3	101.6%	101.1%	322.4	11.2%
Profit tax	736.6	781.0	855.0	866.3	11.3	101.3%	110.9%	129.7	17.6%
VAT	4,426.9	4,036.0	4,071.0	4,243.6	172.6	104.2%	105.1%	-183.3	-4.1%
Excise tax	1,465.7	1,462.0	1,287.0	1,506.7	219.7	117.1%	103.1%	40.9	2.8%
Import Tax	73.4	83.0	75.0	79.1	4.1	105.4%	95.3%	5.7	7.7%
Other taxes	115.4	117.0	207.0	-230.3	-437.3	-111.3%	-196.9%	-345.7	-299.6%

Table 4: 2018-2019 State Budget tax revenues (million GEL, %).

In the execution of tax revenues on the level of components (except from the excise and other taxes), accordingly to the annual plan, there is no important deviation: the execution of income, profit, VAT and import taxes lay between the interval of 101.3%-105.4% of an annual plan. 17.1% exceed is seen in the revenue received from excise, what is mainly connected with changes implemented in the Tax Code in October 2019, on basis of this changes¹³, (Tobacco as well as other product) tobacco raw material product (tobaccos) and Tobacco waste incurred taxation.

¹³ As a result of the increase in the excise tax rate on filtered and unfiltered tobacco, consumption of tobacco products - Shag (tobacco) (which was taxed at a minimum rate in practice) increased significantly during the current year and due to the low performance during the year, the initial plan rate was adjusted (reduced).

Significant negative deviation is seen in the execution of other taxes towards the planned indicator, what is connected with the difficulty of determination of other taxes planned indicator, because of the reform¹⁴ implemented in system of Treasury Code in 2016 (planned amount of 2019 was defined at 207 million GEL, whereas actual indicator was -230.3 million GEL).

As to the correspondence with the same indicator of 2018, tax revenues are slightly decreased, by 30.4 million GEL (by 0.3%), what is mainly connected with VAT and with decrease of other tax indicators. Namely, decrease of VAT is stipulated by the changes implemented in the budget code and local-self governmental code, on basis of which from 2019, Instead of equalization transfer and income tax from various types of income¹⁵, 19% of VAT was addressed to the budgets of municipalities (with the Budget Code formula). Consequently, compared to the same time period of the previous year, by 183.3 million GEL less was addressed to the State Budget in a way of VAT in 2019 (4,243.6 million GEL). Although, it needs to be mentioned that compared to previous year, in way of VAT, by 812.1 million GEL more, 5,239 million GEL, was mobilized completely in consolidated budget, from which 19%, (995.4 million GEL), was addressed to the budgets of territorial units.

Indicators of Income (by 322.4 million GEL) and profit (by 129.7 million GEL) taxes are significantly increased: Namely, income tax is mainly increased on the basis of increased income tax held by employers (by 214.9 million GEL), moreover, changes, mentioned above, implemented in the budget code made an influence, on basis of what the income tax from various types of income is being received in the State Budget from 2019. (e.g. 53.3 million GEL was received in the budget in 2019 from the income on behalf of the activities done by entrepreneur entities). After the profit tax reform first increase fact of the profit tax (17.6%) was fixed in 2019. The actual indicator of import tax almost equals to the indicator of the previous year (is increased by 5.7 million GEL), by 40.9 million GEL more (by 2.8%) is received in a way of excise tax, which is mainly resulted from the 12.2% increase of excise revenues of the imported tobacco, namely, from increase of revenue received from tobacco taxation with ad valorem¹⁶ share rule.

The Dynamics of the tax revenues of state budget 2012-2019

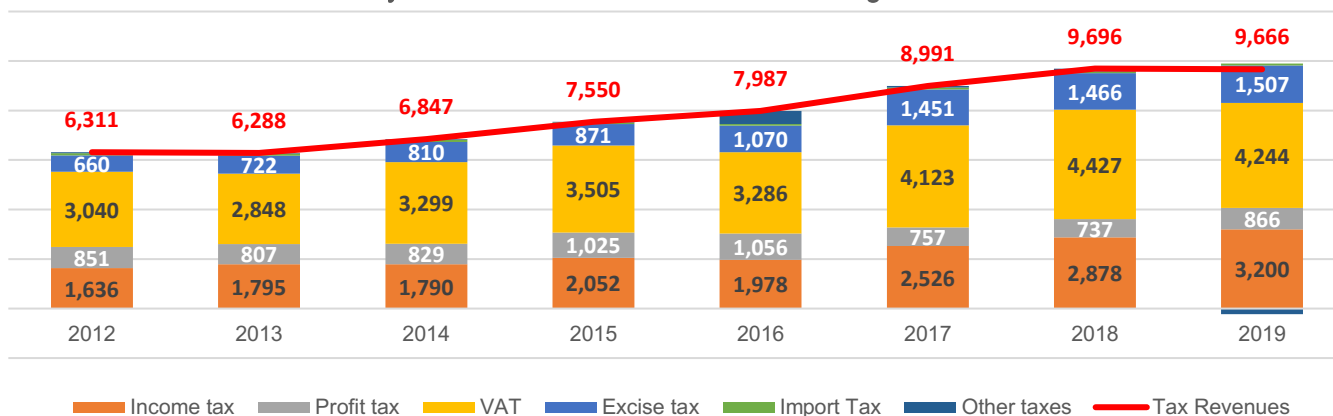


Diagram 14: Tax revenues of state budget 2012-2019 (million GEL)

It is interesting while analyzing tax revenues to discuss **tax revenues of consolidated budget**. The forecasted amount of tax revenues of consolidated budget according to initial annual plan was 11,280.0 million GEL, however according to updated forecast of Government of Georgia (which was presented with amended version of law concerning the state budget in October 2019) the forecasted tax revenues of consolidated budget amounted to 11,310.0 million GEL.

¹⁴ After the introduction of the Unified Treasury Code of Taxes on the basis of the reform, the tax paid before the expiration of the tax return was recorded in the article "Other tax" (mainly this refers to income tax), from which they are transferred to the appropriate form of tax after the tax return. However, from the same article, the amount is transferred to the sub-account for the return of overpaid amounts of tax revenue. Consequently, the performance of other taxes in a particular reporting period can be both positive and negative.

¹⁵ From the income received from the activities of entrepreneurial individuals; From surplus received from the sale of tangible assets by Individual; From gifts of property to an Individual; From inheritance of property by Individual; From the income received from the lease of property by Individual, except for the income tax paid by the taxable objects registered in the territory of the Autonomous Republic and which was registered in the budgets of the territorial units in 2016-2018

¹⁶ From January 1, 2019, the excise stamp on filtered and unfiltered cigarettes has been increased and equalized (1.70 GEL) as well as the amount of ad valorem share tax (30% of the retail selling price of filtered/unfiltered cigarettes).

With regard to the **execution**, the actual indicator for tax revenues of consolidated budget for 2019 was 11,417.8 million GEL, which amounted to 101.2 % of initial forecast of government of Georgia and 101% of the updated forecast. Furthermore, it exceeds indicator of 2018 by 911.5 million GEL (8.7%). In comparison to previous years the revenue has increased from all the types of taxes (excluding other taxes). Also, it is necessary to consider that, the indicator of the tax returns has exceeded 615 million GEL in 2019 (in 2018 it was 526 million GEL).

The dynamics of the tax revenues of consolidated budget in years 2012-2019 have tendency to increase (excluding year 2013). The actual indicator of year 2019 exceeds the indicator of year 2012 by 4,746.9 million GEL, the average rate of growth of tax revenues was 8% in years 2013-2019. However, if tax revenues of consolidated budget are discussed in relation to GDP in years 2012-2019, the lowest indicator was indeed in 2019 (22.8%).

The diagram below shows tax revenues of consolidated budget and their ratio to GDP in years 2012-2019.

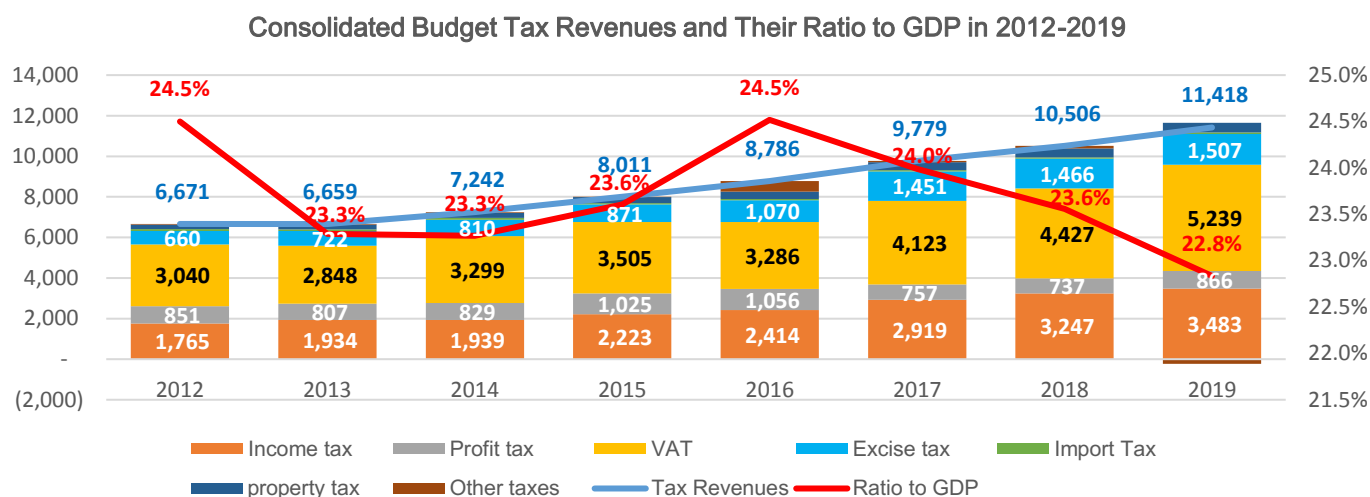


Diagram 15: Consolidated Budget Tax Revenues and their ratio to GDP in 2012-2019 (Million GEL, %)

It is interesting while analysing the tax revenues of consolidated budget, to analyse the revenue generated from **direct and indirect taxes**¹⁷. 59.8% (6,824.8 million GEL) of generated tax revenue comes from indirect taxes, however 40.2% (4,593.1 million GEL) – comes from the revenue generated from direct taxes.

The diagram below shows the revenues generated by direct and indirect taxes in consolidated budget 2012-2019

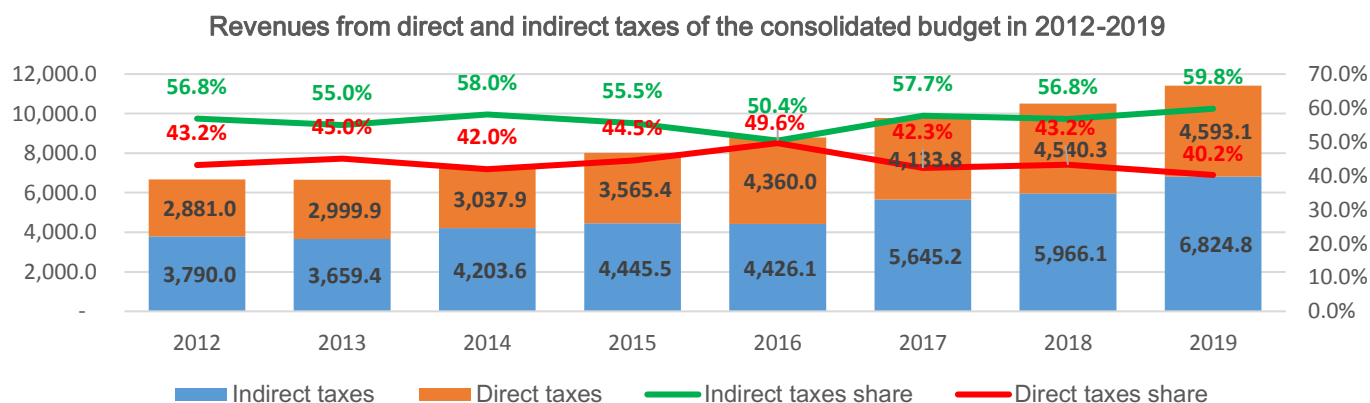


Diagram 16: Revenues from direct and indirect taxes of the consolidated budget in 2012-2019 (million GEL, %)

As it is shown on diagram, in years 2012-2019 revenues generated from both direct and indirect taxes show growth tendency (excluding several exceptions), however with regard to percentage distribution ratio, in years 2012-2016 the direct taxes have tendency of growth and indirect taxes have tendency to decrease, in 2016 both types of taxes had nearly equalised (indirect taxes – 50.4%; direct taxes- 49.6%). In years 2017-

¹⁷ According to the Tax Code of Georgia, indirect tax is a tax (value added tax, excise tax, import tax), which is set as a supplement to the price of delivered (imported) goods and/or services and paid by the consumer (importer) at the price of goods and/or services increased by this tax upon purchase (import).

2019, the structure of direct and indirect taxes changes to opposite direction: the share of direct taxes decreases, due to the fact that in 2017 new rules for the profit tax taxation were implemented.

- The **grants** indicator in relation to plan is characterised with high level: the initial annual plan for grants was defined by 382.7 million GEL, however after amendments to state budget law were made in October 2019 annual plan was defined by 390.4 million GEL. Under the grants article into budget is received 125.4% (489.6 million GEL) of the planned indicator, which is mostly related to receipt of investment grants, in form of which 113.2 million GEL (112.7% of annual plan indicator) were transferred into budget. Also, in actually received grants, the targeted grants that were made by donors to budgetary organisations that amounted to 87.6 million GEL were reflected, which also contributed and helped in excess mobilization of grants. With regard to other grants, 219.5 million GEL (95.5% of annual plan) were transferred into budget as budget supportive grants. Furthermore, from LEPLs¹⁸ of central budget received revenue in a form of grants in 2019 amounted to 69.4 million GEL. Compared to the previous year's similar indicator, in 2019 in form of grants were received more by 21.2% (85.6 million GEL), which mostly related to budget supporting grants (in comparison to the previous year more was received by 81.9 million GEL).

With regard to the dynamics of grants in years 2012-2019, in 2019 the highest revenue was reported under grants' article. In addition, it must be noted that first entry appeared in parliamentary act regarding "State budget of Georgia 2017" (the mentioned above entry is reflected in 2018 and 2019 state budget of Georgia acts) according to which "legal entities of public law" act article 12 subsection 4 provided¹⁹ that LEPLs must at least transfer 10% of their permitted by Georgian law revenue into state budget. Mentioned above revenue in years 2017-2019 on average amounted to 64.9 million GEL annually.

The diagram below shows the revenue received in state budget in form of grants according to components in years 2012-2019

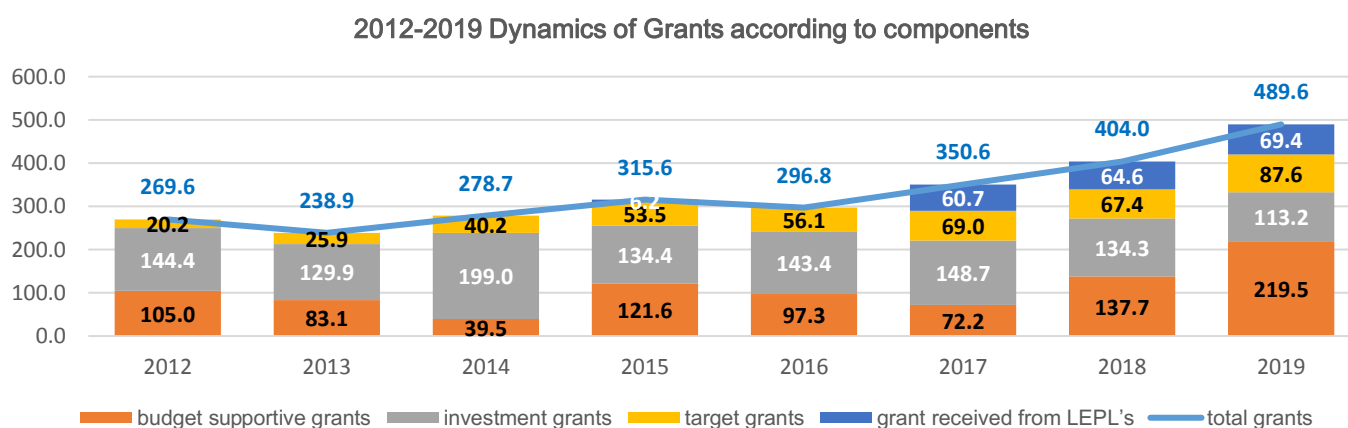


Diagram 17: Dynamics of grants by components in 2012-2019 (million GEL)

- In form of **other revenues** budget has received 519.8 million GEL, 102.9% of annual plan. In comparison to the last year's similar indicator, in 2019 other revenues in total have increased by 4.9% (24.2 million GEL).

¹⁸ Pursuant to Article 35 of Chapter 8 of the Law of Georgia on the State Budget of Georgia for 2019: a legal entity of public law provided in paragraph 4 of Article 12 of the Law of Georgia on Legal Entities of Public Law, at least 10% of the (own) revenues permitted by the legislation of Georgia shall be transferred to the state budget of Georgia. "

¹⁹ Paragraph 4 of Article 12 of the Law of Georgia on Legal Entities of Public Law: a legal entity of public law whose annual income, except to funding received from the budget, exceeds 1 million GEL and which is a state budget spending institution and/or a legal entity of public law under the control of the Government of Georgia, the Ministry of Georgia and the State Minister (except for cultural, educational or scientific-research institution), is obliged to agree with the Government of Georgia on the draft budget, staff list and compensation of Employees fund.

	2018 Actual	2019 Initial Plan	2019 Annual Plan	2019 Actual	2019 Actual / 2019 Annual Plan		2019 actual towards Initial Plan %	2019 Actual / 2018 Actual	
					distinction	%		distinction	% alternation
Other revenues	495.7	460.0	505.0	519.8	14.8	102.9%	113.0%	24.2	4.9%
Revenues from property	201.6	171.0	196.0	211.7	15.7	108.0%	123.8%	10.1	5.0%
interest	103.8	85.0	95.0	107.6	12.6	113.2%	126.5%	3.8	3.6%
dividends	70.4	66.0	81.0	80.4	-0.6	99.3%	121.9%	10.1	14.3%
government's equity participation in profit of a working enterprises	0.4	1.0	1.0	0.4	-0.6	43.0%	43.0%	0.1	22.6%
Revenue from National bank	70.0	65.0	80.0	80.0	0.0	100.0%	123.1%	10.0	14.3%
rent	27.5	20.0	20.0	23.8	3.8	118.8%	118.8%	-3.7	-13.5%
Realization of goods and services	94.4	94.5	96.7	95.4	-1.3	98.7%	101.0%	1.0	1.1%
Administrational fees and taxes	91.1	91.9	93.6	92.3	-1.3	98.6%	100.4%	1.2	1.3%
Goods and Services Purchased by non-market rule	3.3	2.6	3.1	3.1	0.0	100.9%	120.4%	-0.2	-5.0%
Fines, Sanctions and Penalty interests	78.2	85.0	95.0	98.1	3.1	103.3%	115.5%	19.9	25.4%
Transfers which are not Classified Elsewhere	121.4	109.5	117.3	114.5	-2.8	97.6%	104.6%	-6.9	-5.7%

Table 5: 2018-2019 State Budget indicators of other revenues (million GEL, %).

Over-fulfilment of other revenues towards annual plan mainly comes from revenues from property. In particular, the annual plan was defined at 196.0 million GEL, however execution amounted to 211.7 million GEL (108.0%), mostly influenced by over-fulfilment under interest article. The revenue under mentioned above article amounted to 107.6 million GEL, which is more by 12.6 million GEL than stated in annual plan. The revenue received under interest article was mobilized 59.1 million GEL on deposits and as interests debited on accounts, as well as loans (credits) given to working enterprises with government's equitable participation mobilized 40.0 million GEL.

The revenue received as **dividends** (80.4 million GEL) is 99.3% of annual plan (81.0 million GEL), mainly (80 million GEL) mobilized from profits of national bank. With regard to dividends from working enterprises with government's equitable participation, in 2019 state budget directed dividend was stated as 1.0 million GEL, however according to the position after 12 months, received revenue compiled 43% (430 thousand GEL) of planed amount.

The revenue received under **rent** article (23.8 million GEL) exceeded annual plan by 3.8 million GEL and amounted to 118.8% (Including main funds that amounted to 21.4 million GEL, were mobilized by revenue received from the fee of issuance and usage of license).

With regard to execution of the other components, revenues received from **realization of goods and services** amounted to 95.4 million GEL (98.7% of annual plan), which mainly comes from revenue received from administrative fees and taxes.

With **Fines, Sanctions and Penalty interests** 98.1 million GEL was mobilized (exceeded annual plan by 3.1 million GEL, 103.3% of annual plan), the most comes from sanctions (fines and penalty interests) administrative offenses and criminal action provided by Georgian criminal code, accordingly 62.9 million GEL and 17.9 million GEL.

Transfers which are not Classified Elsewhere in 2019 amounted to 114.5 million GEL and are behind annual plan by 2.8 million GEL. The most of the revenue came from fees of road usage (59.7 million GEL) and funds that were not used in last year's budget and funds that have returned to budget (20.5 million GEL)

compared to last year's indicators, the amount received from other revenues exceeded 2018 indicator by 24.2 million GEL (4.9%), which mostly related to the fact that revenue from property, fines, sanctions and penalties has increased.

The diagram below shows execution of other revenues according to components 2012-2019.

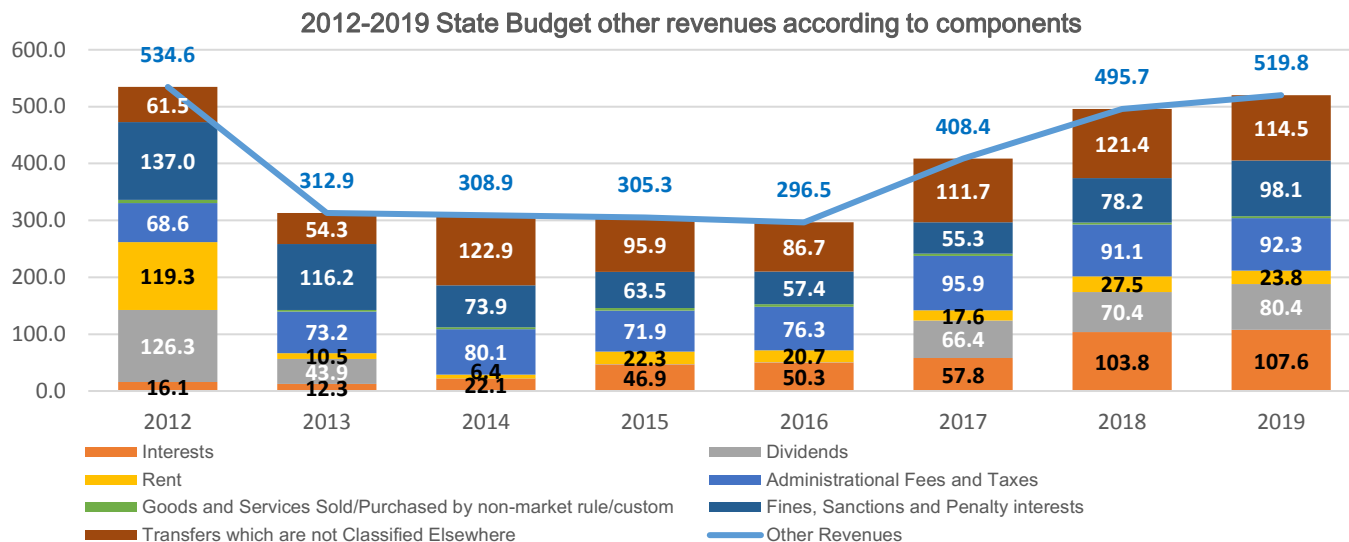


Diagram 18: Other revenues of the state budget according to components in 2012-2019 (million GEL)

Disposals of nonfinancial assets

Under the Article of **disposals of nonfinancial assets**, 93.2 million GEL was received, that is 116.5% of annual plan and 133.2% of initial annual plan. Such a high level of the execution comes from the total revenue accumulated from realization of non-derivative assets, in form of which, 8.9 million GEL more was received than set out in annual plan indicator (28.9 million GEL), including 15.4 million GEL from license for radio frequency spectre usage (exceeded annual plan by 2.4 million GEL), furthermore land realization exceeded annual plan twice and amounted to 13.5 million GEL (by the treasury service data, 10.6 million GEL was received from realization of non-agricultural land owned by state on the territories of local self-government units).

In comparison to the last year, the total revenue received under the article of Disposals of nonfinancial assets is less compared to last year's similar indicator by 7.8 million GEL, in particular: decrease of total revenue from realization of nonfinancial assets is due to the sale of main assets, in particular total revenue from realization of the non-residential buildings of general state importance, in form of which budget received 68.7 million GEL in 2018, and 52.4 million GEL in 2019 in similar time period.

The diagram below shows received total revenues under article of disposals of nonfinancial assets according to components in years 2012-2019

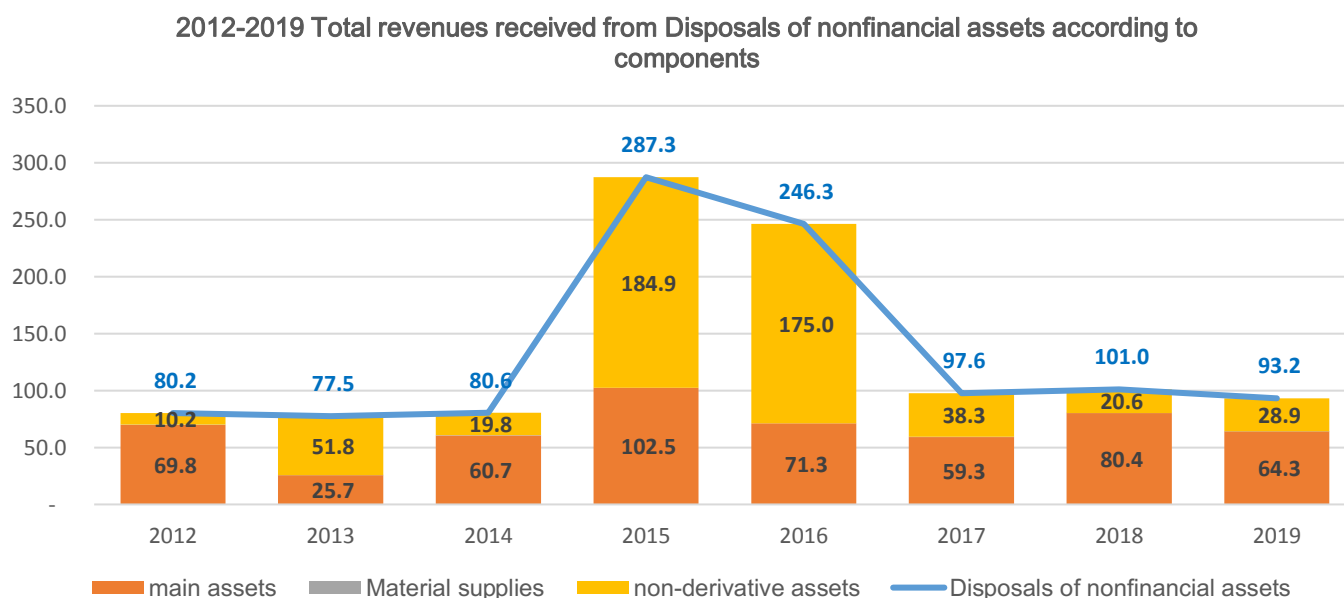


Diagram 19: Total revenue received under article of disposals of nonfinancial assets according to components in 2012-2019 (million GEL)

Disposals of financial assets

The total revenue received under **disposals of financial assets article** (in particular funds received from the return of issued loans), is also received in excess and amounts to 148.5 million GEL, 123.8% of annual plan (120.0 million GEL), furthermore it exceeded last year's same indicator by 29.4 million GEL (by 24.7%).

The diagram below shows received total revenues under article of disposals of financial assets according to components in years 2012-2019.²⁰

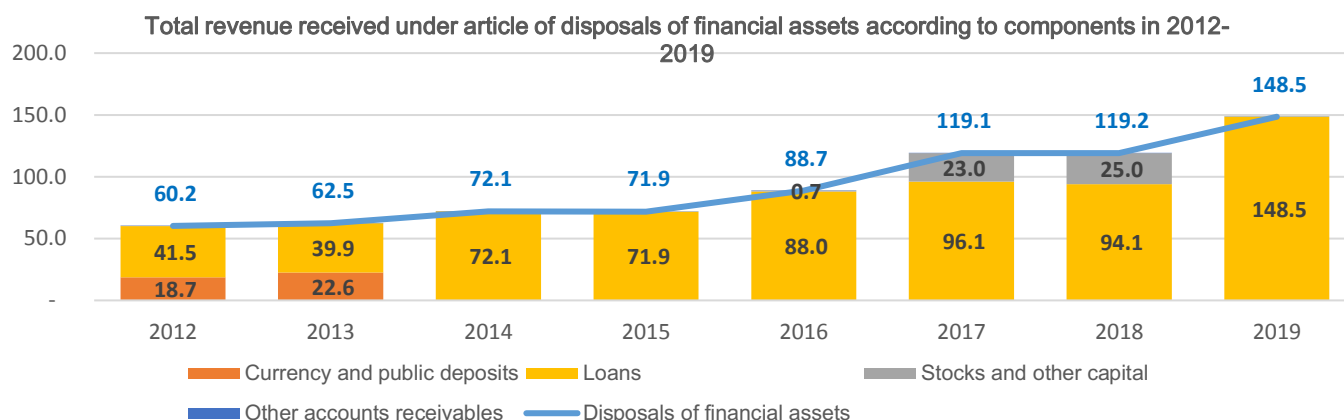


Diagram 20: Total revenue received under article of disposals of financial assets according to components in 2012-2019 (million GEL)

Incurrence of liabilities

Under article **incurrence of liabilities** received total revenue amounted to 2,335.4 million GEL in 2019, 105.4% of the annual plan. The growth characterized both domestic and external liabilities. In particular, in case of external liabilities in form of investment credits, instead of 931.1 million GEL which was set out by annual plan, 977.6 million GEL was received (exceeded by 46.5 million GEL), and in form of budget supportive credits it exceeded by 24 million GEL (409 million GEL).

As of domestic liabilities (net incurrence of liabilities received from the securities procurement and payoff transactions) during the year with the received funds from the release of treasury securities²¹ amounted to 2,288 million GEL, whereas the principal repayment was defined at 1,339.3 million GEL. After the release of treasury liabilities and treasury obligations, the net increase of domestic liabilities was defined at 948.8 million GEL. 105.4 % of annual plan (the mentioned indicator amounted 422.3 million GEL in the previous year).

	2018 Actual	2019 Initial Plan	2019 Annual Plan	2019 Actual	2019 Actual / 2019 Annual Plan		2019 Actual / 2019 initial plan		2019 Actual / 2018 Actual	
					distinction	%	distinction	%	distinction	alteration
incurrence of liabilities	1,877.6	2,186.1	2,216.1	2,335.4	119.3	105.4%	149.3	106.8%	457.8	24.4%
External	1,455.3	1,686.1	1,316.1	1,386.6	70.5	105.4%	-299.4	82.2%	-68.7	-4.7%
Budget supportive credits	458.4	385.0	385.0	409.0	24.0	106.2%	24.0	106.2%	-49.4	-10.8%
Investment credits	996.9	1,301.1	931.1	977.6	46.5	105.0%	-323.4	75.1%	-19.3	-1.9%
Domestic	422.3	500.0	900.0	948.8	48.8	105.4%	448.8	189.8%	526.5	124.7%

Table 6: 2018-2019 State Budget indicators of incurrence of liabilities. (million GEL, %).

It must be noted, that execution of received total revenue under article incurrence of liabilities is very close to initial annual plan indicator and is 106.8%, however execution by components differs: in case of external liabilities negative deviation is revealed in relation to initial annual plan and execution was at 82.2%, and it is related to the investment credits²², furthermore with relation to the total revenue received under article

²⁰ According to the budget classification in force before October 2014, in the indicators of disposals of financial assets for 2012-2013, in particular, in the item of currency and deposits, the unused and returned budget funds of the previous year are taken into account, which are recorded in other revenues according to the current classification.

²¹ According to the Ministry of Finance, 53 securities auctions were held in 2019, treasury securities were issued in the amount of 2,340.0 million GEL, of which treasury bonds - bonds with maturities of 2, 5 and 10 years are fully so-called "Benchmark Bonds".

²² According to the attached explanation note of the amendments of the 2019 state budget change, the terms of implementation of some infrastructure projects planned for 2019 have been postponed and partially redistributed to the following years. Accordingly, with amendment of October 2019, the amount specified in the initial plan of investment credits decreased by 370 million GEL;

incurrence of domestic liabilities, the excess was revealed that amounted to 89.8%, that is related the necessity of mobilization of extra resources.²³

Yearly between 2012-2019, the volume of the total revenue received under article of incurrence of liabilities shows growth tendency (at the expense of increase in both domestic and external liabilities) excluding years 2013 and 2015. In years 2013-2019 the average indicator of growth equals to 22.4%. in comparison to previous year, in 2019 total indicator of incurrence of liabilities increased by 457.8 million gel (by 24.4%). Mentioned above growth is due to the increase of domestic liabilities, compared to last year it has increased by 526.5 million GEL. Regarding to incurrence of external liabilities, compared to previous year it had decreased by 68.7 million GEL. In years 2013 to 2019 the average indicator of incurrence of domestic liabilities equals to 78.7%, however in 2019 compared to 2018, the indicator of incurrence of domestic liabilities increased by 124.7%. Regarding to incurrence of external liabilities, in years 2013 to 2019 the average indicator of incurrence of external liabilities equals to 12.9%, however in 2019 compared to previous year it is decreased by 4.7%.

The diagram below shows the dynamics of incurrence of external and domestic liabilities 2012-2019.

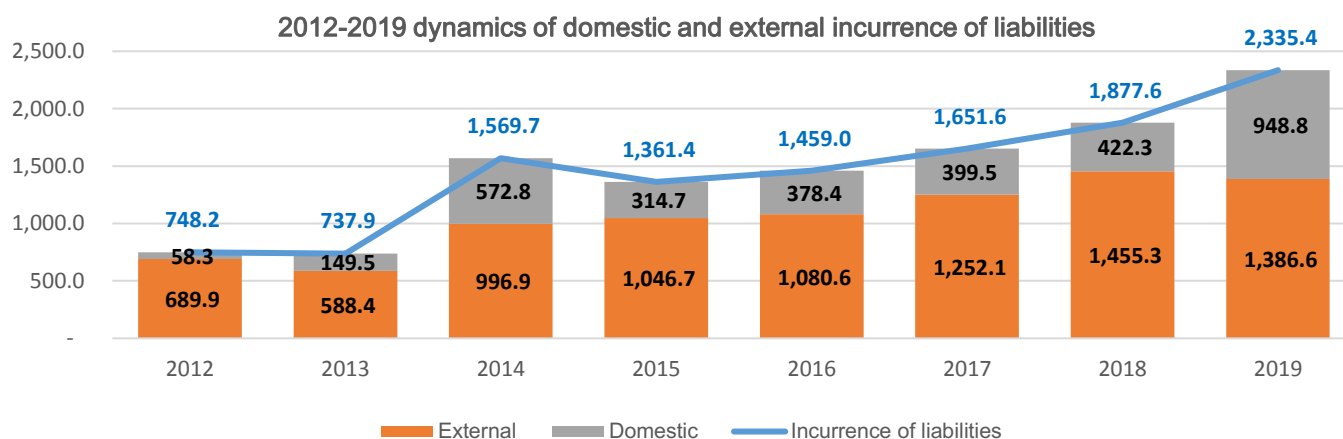


Diagram 21: Dynamics of incurrence of external and domestic liabilities 2012-2019 (million GEL).

The total revenue received under article of incurrence of external liabilities (1,386.6 million GEL) consists of 977.6 million GEL from investment credits, and 409.0 million GEL from budget supportive credits. From components of incurrence of external liabilities, in years 2013-2019 the average growth rate indicator of budget credits (59.5%) exceeds similar indicator of investment credits (9.0%), however share of investment credits is much higher in total amount of external liabilities, which in given period amounts on average to 67.9%, thus it shows that most funds driven from external sources are used for financing infrastructure projects.

The diagram below shows dynamics of budget supportive and investment credits in years 2012-2019.

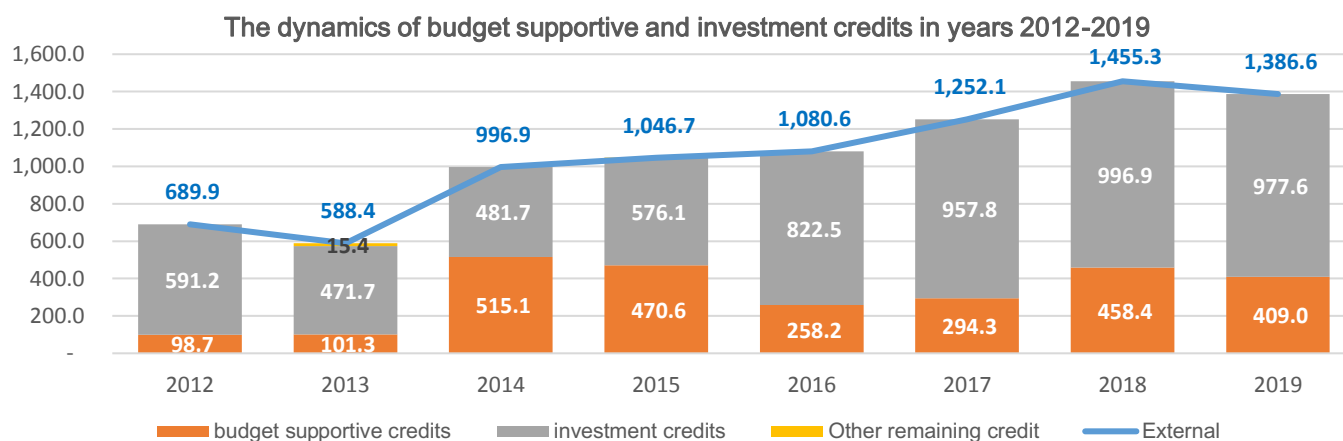


Diagram 22: The dynamics of budget supportive and investment credits in years 2012-2019 (million GEL).

²³ According to the information provided in the attached explanation note of the 2019 state budget change, in January 2020 In order to cover so-called benchmark bonds as well as to finance additional municipal projects, the net growth rate for domestic state liabilities in the October 2019 plan was increased from 500 million GEL to 900 million GEL.

State Budget Total Expenditures

According to the law of Georgia “State Budget law of Georgia 2019” **total expenditures plan** was defined at **13,313.1 million GEL** (including budget funds 12,281.6 million GEL, grant - 100.4 million GEL, credit - 931.1 million GEL), however by 31st of December 2019 **execution of total expenditure amounted to 13,469.7 million GEL** (including, budget funds 12,287.4 million GEL, grant - 121.1 million GEL, credit - 1,061.2 million GEL) and that equals to 101.2% of annual plan and 102.9% of initial annual plan (13,090.0 million GEL), and compared to previous year’s similar indicator, exceeds it by 7% (by 879.5 million GEL).

The state budget total expenditures are characterised by annual growth tendency and rate of growth tendency is distinguished by variability. In years 2013-2019 average growth rate for total expenditures was 8.2%, however in years 2018-2019 above mentioned indicator has decreased to 7%.

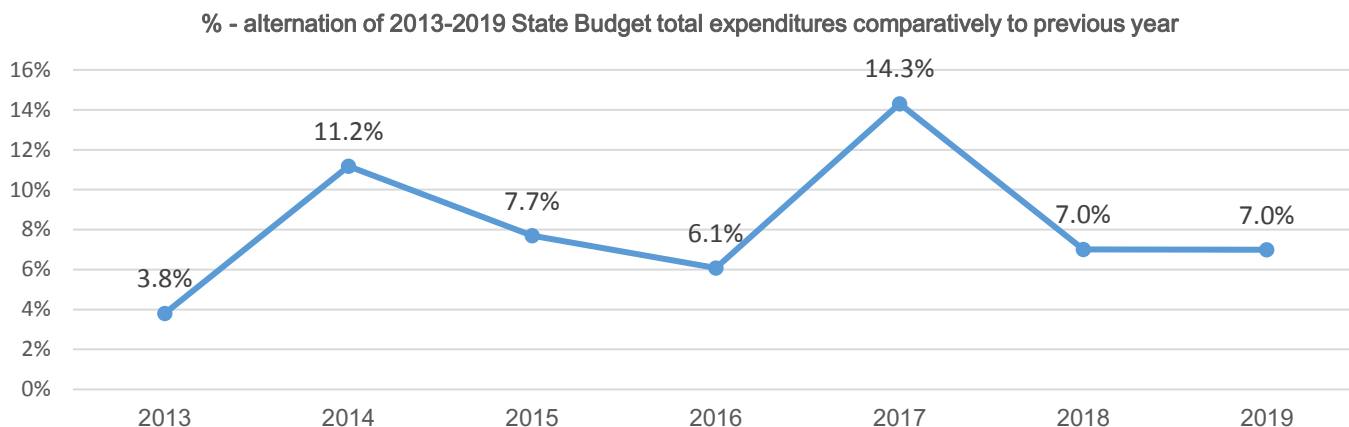


Diagram 23: % - alternation of 2013-2019 State Budget total expenditures comparatively to previous year (%).

The diagram below shows the structure of the State Budget total expenditures according to source of financing in 2012-2019:

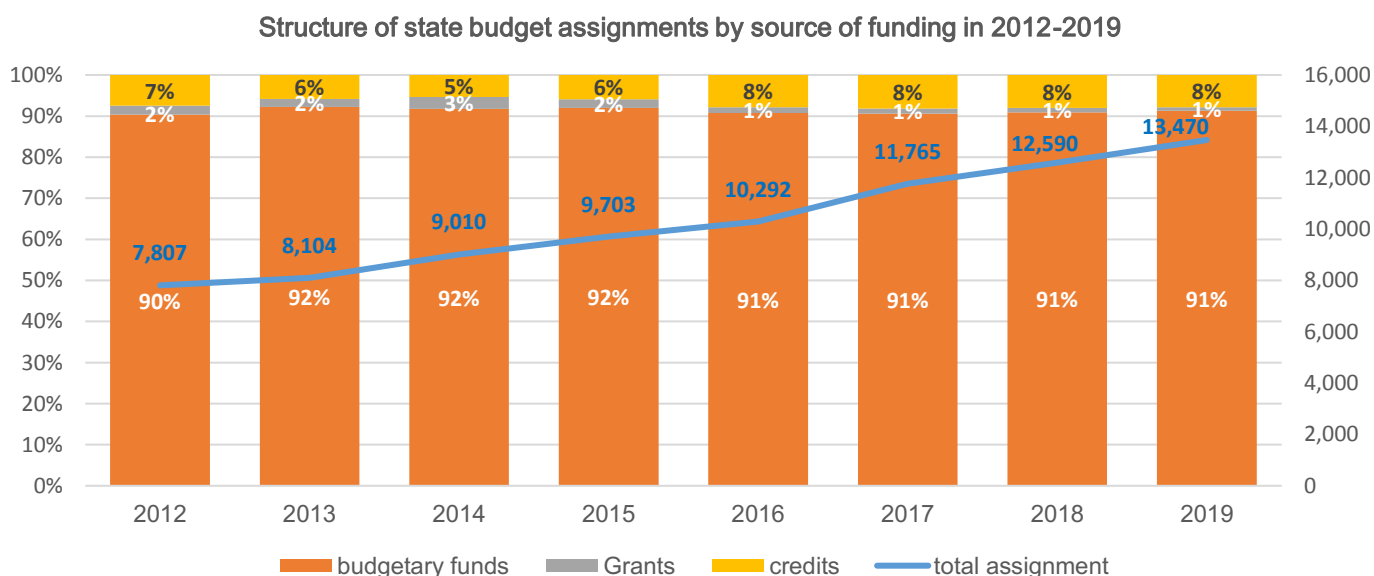


Diagram 24: Structure of state budget assignments by source of funding in 2012-2019 (% , million GEL).

As it is shown on diagram, the main share of total expenditures comes from budget funds, however it must be noted, that in years 2016-2019 the share of the total expenditures which comes from credits in comparison to years 2012-2015 has increased up to 8%. However, the structure of the state budget expenditures has not changed in last 4 years’ time.

The table below presents the state budget total expenditures in 2018-2019. As it is shown on the table, 2019 the indicators of execution of components of total expenditures vary in relation to adjusted plan within 99.5% - 128.6%, in relation to annual plan within 99.2% -133.2% and in relation to initial plan within 76.9%-104.8%.

	2018 Actual	2019 initial plan	2019 annual plan	2019 adjusted plan	2019 Actual	2019 Actual /2019 adjusted plan		2019 Actual /2019 annual plan		2019 Actual /2019 initial plan
						distinction	%	distinction	%	
Total expenditure	12,590.2	13,090.0	13,313.1	13,313.1	13,469.7	156.6	101.2%	156.6	101.2%	102.9%
expenses	9,543.7	9,641.1	9,999.1	9,944.7	9,975.5	30.9	100.3%	-23.5	99.8%	103.5%
Acquisitions of nonfinancial assets	1,912.2	2,152.3	2,137.6	2,187.3	2,256.1	68.8	103.1%	118.5	105.5%	104.8%
Acquisitions of financial assets	381.1	362.7	209.4	216.9	278.9	62.0	128.6%	69.5	133.2%	76.9%
Reductions of liabilities	753.2	933.9	967.1	964.3	959.2	-5.1	99.5%	-7.9	99.2%	102.7%

Table 7: State Budget total expenditures 2018-2019 (million GEL, %).

The diagram below shows 2012-2019 State Budget total expenditures of Georgia according to components:

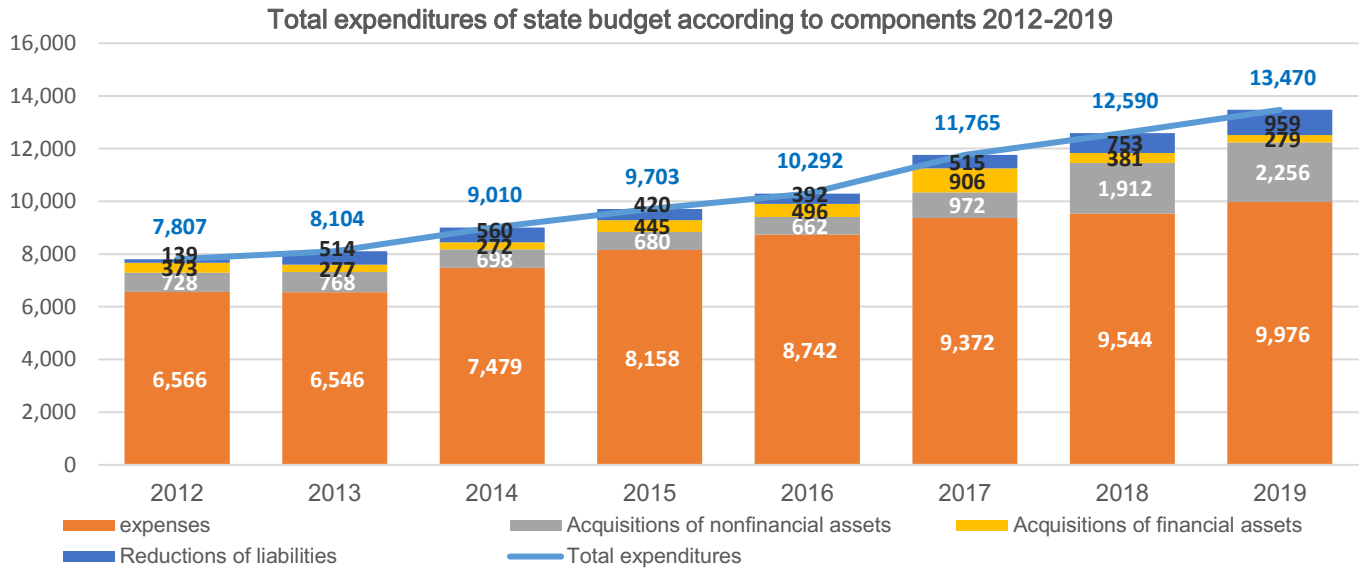


Diagram 25: The total expenditures of state budget according to components 2012-2019 (million GEL).

As it is presented on diagram, during the recent years' state budget total expenditure are characterised by growth tendency, e.g. 2019 indicator in comparison to 2012 has increased by 5,663 million GEL, which is due to the growth of main components (expenses and acquisitions of nonfinancial assets). However, if the shares of expenses and acquisitions of nonfinancial assets are discussed in relation to total expenditures of the whole year, it is clear, that share of expenses shows reduction tendency, and share of acquisitions of nonfinancial assets is distinguished by growth tendency. In particular, in 2012 expenses were 84.1% of total expenditure and acquisitions of nonfinancial assets was 9.3% of total expenditure. Mentioned above indicators in 2019 were as following, expenses – 74.1% and acquisitions of nonfinancial assets -16.7%.

For the indication of percentage distribution for the main four component, the diagram below represents the percentage distribution of the State Budget total expenditures components 2012-2019:

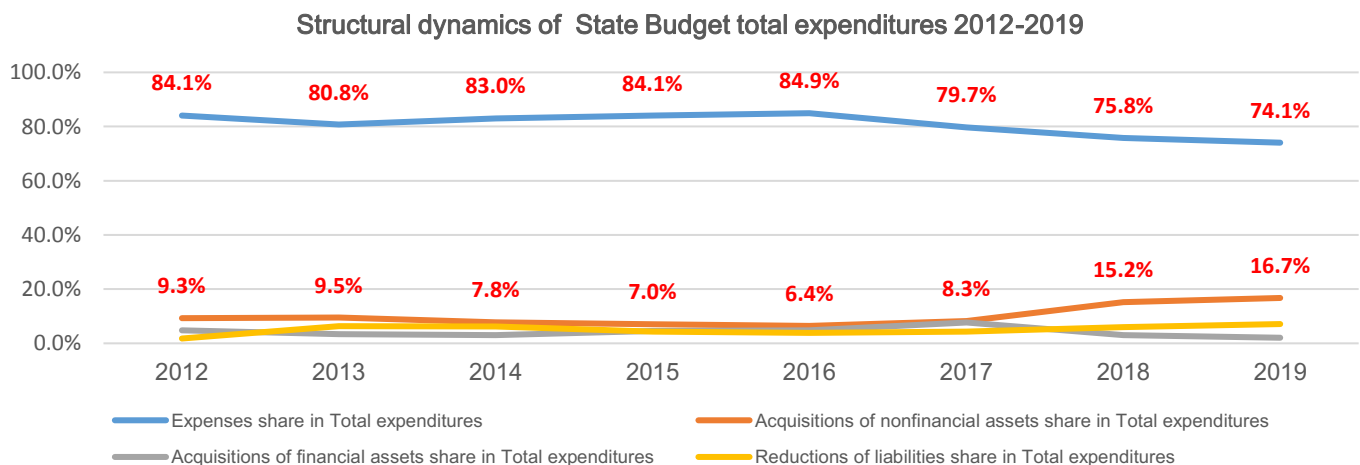


Diagram 26: Structural dynamics of State Budget total expenditures 2012-2019 (%)

It is interesting to discuss execution of state budget total expenditures on monthly bases. The highest indicator of execution of state budget total expenditures occurred in December (1,879.9 million GEL) and the lowest - in February (880.0 million GEL). In December 2019 assimilation of 14% of annual execution occurred, when average indicator for other 11 month amounted to 7.8%. The high performance of total expenditures in December was due to the high performance of all four components. In particular, in the last month of 2019, execution of expenses amounted to 11.8% of annual execution, acquisitions of nonfinancial assets – 23.1%, acquisitions of financial assets -15.2% and execution of the reductions of liabilities amounted to 14.8%.

In February 2019 assimilation of 6.5% of annual execution occurred, the low performance indicator is due to the low performance of all four components of total expenditures in comparison to annual indicator. In particular, the incurred expenses in February amounted to 7.6% of annual indicator (monthly average indicator 8.3%), the indicator of acquisitions of nonfinancial assets -3.2%, indicator of acquisitions of financial assets -3.9% and indicator of reductions of liabilities amounted to 4.4%.

The diagram below shows 2019 State Budget total expenditures according to months:

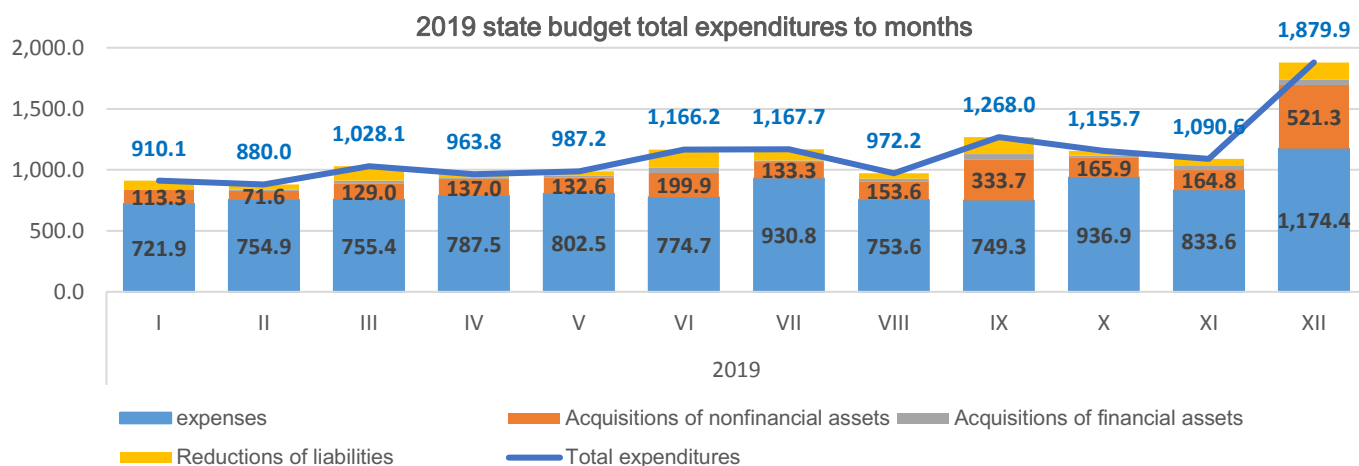


Diagram 27: 2019 state budget total expenditures to months (million GEL).

With regards to the **structure of total expenditures of consolidated budget concerning so called current and capital expenses**, compared to previous years, in 2019 the ratio of current expenses of consolidated budget to GDP has decreased and amounted to 21%, furthermore the ratio of capital expenses (both sum of acquisitions of nonfinancial and financial assets) to GDP, in comparison to previous years has increased and in 2019 amounted to 8.4%. It must be noted, that in 2012-2019, the lowest indicator of current expenses in GDP occurred in 2019 and capital expenses are at the highest.

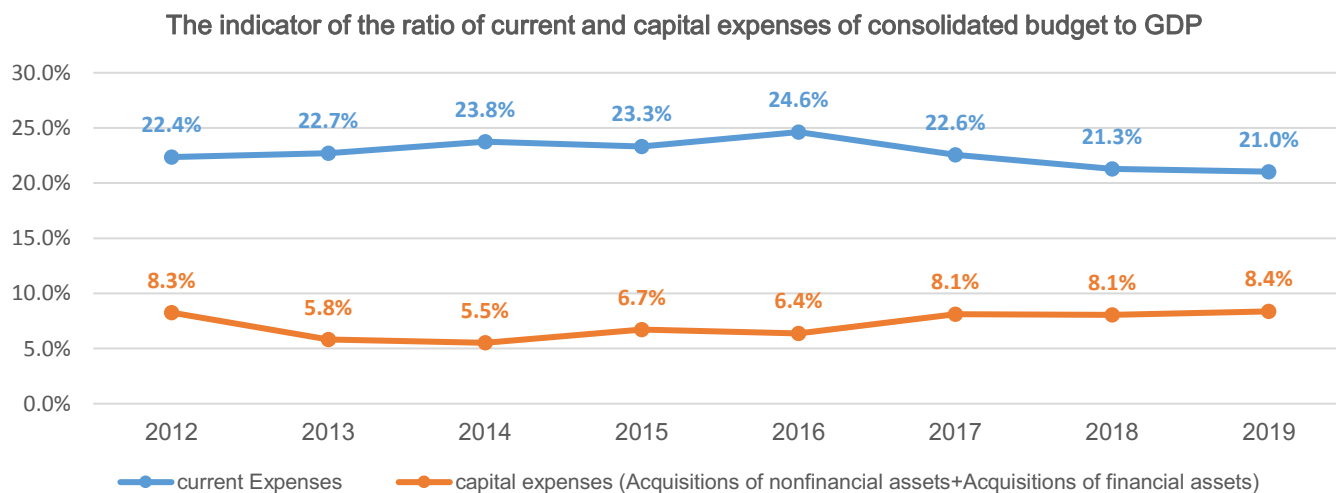


Diagram 28: The indicator of the ratio of current and capital expenses of consolidated budget to GDP 2012-2019 (%).

Expenses

The component with the largest share of state budget total expenditures was **expenses** and execution of it in 2019 amounted to 9,975.5 million GEL, which is 103.5% of initial plan (9,641.1 million GEL), 99.8% of annual plan (9,999.1 million GEL) and 100.3% of adjusted plan (9,944.7 million GEL). The expenses by economic classifications article are distributed in following way:

	2018 Actual	2019 initial plan	2019 annual plan	2019 adjusted plan	2019 Actual	2019 Actual /2019 adjusted plan		2019 Actual /2019 annual plan		2019 Actual / 2019 initial plan
						distinction	%	distinction	%	
Expenses	9,543.7	9,641.1	9,999.1	9,944.7	9,975.5	30.9	100.3%	-23.5	99.8%	103.5%
Compensation of Employees	1,407.6	1,470.7	1,469.5	1,452.0	1,454.7	2.7	100.2%	-14.7	99.0%	98.9%
Use of Goods and Services	1,288.3	1,218.2	1,246.4	1,289.7	1,301.9	12.2	100.9%	55.5	104.5%	106.9%
interest	513.0	624.0	624.0	611.3	604.5	-6.8	98.9%	-19.5	96.9%	96.9%
Subsidies	419.5	443.8	435.1	472.6	489.7	17.1	103.6%	54.6	112.5%	110.3%
Grants	1,332.0	544.3	787.9	797.8	798.3	0.6	100.1%	10.4	101.3%	146.7%
Social Benefits	3,501.3	3,866.9	3,886.9	3,946.8	3,946.6	-0.2	100.0%	59.7	101.5%	102.1%
Other expenses	1,082.0	1,473.2	1,549.2	1,374.5	1,379.8	5.3	100.4%	-169.4	89.1%	93.7%

Table 8: State Budget expenses by Economic Classification in 2018-2019 (million GEL,%)

The diagram below presents the dynamics of state budget expenses by economic classification articles 2012-2019:

The dynamics of state budget expenses according to components 2012-2019

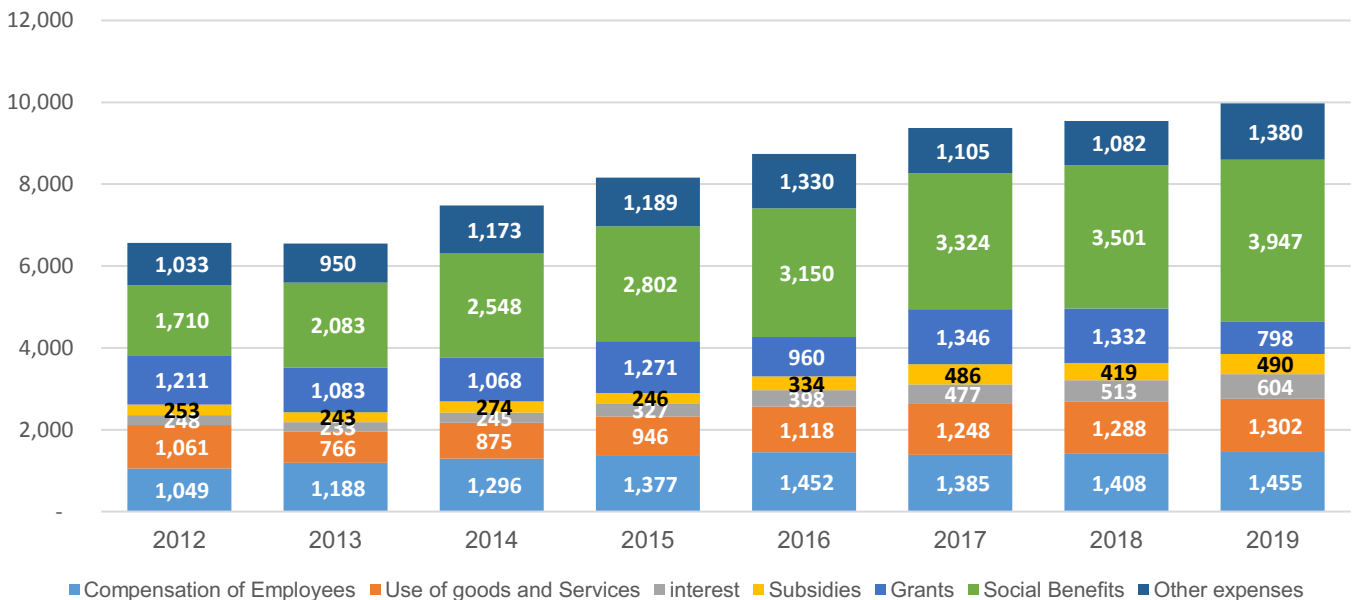


Diagram 29: Dynamics of state budget expenses by economic classification articles 2012-2019 (million GEL)

In 2019, the adjusted plan of **“Compensation of Employees”** amounted to 1,452.0 million GEL, however execution amounted to 1,454.7 million GEL (100.2%). Regarding to initial (1,470.7 million GEL) and approved (1,469.5 million GEL) plans, mentioned above execution accordingly amounted to 98.9% and 99.0%. If the growth rate of **“Compensation of Employees”** is taken into account in 2013-2019, the indicator (average growth rate) compiles 4.9%, however in 2019 it is just 3.3%.

As for the ratio of execution of **“Compensation of Employees”** to GDP, state budget total expenditures and expenses, in 2019 in comparison to 2012-2019, all three indicators were at the minimum. in particular incurred expenses under **“Compensation of Employees“** amounted to 2.9% of GDP. 10.8% of state budget total expenditures and 14.6% of state budget expenses.

Indicator of the ratio of expenses incurred under “compensation of employees” of the state budget

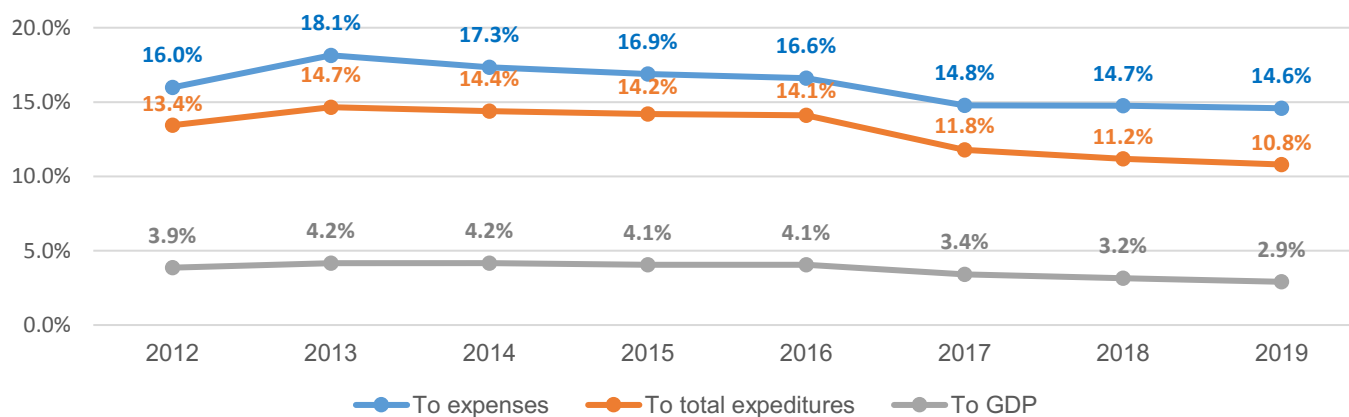


Diagram 30: Indicator of the ratio of expenses incurred under “Compensation of Employees” of the state budget to GDP, state budget total expenditures and expenses in 2012-2019 (%)

In 2019, execution of “**use of goods and services**” amounted to 1,301.9 million GEL, which is 100.9% of adjusted plan (1,289.7 million GEL), 104.5% of approved plan (1,246.4 million GEL) and 106.9% of initial plan (1,218.2 million GEL). The average growth rate of “Use of goods and services” in 2013-2019 is 4.1%, however in 2019 mentioned above indicator amounted to just 1.1%.

The expenses of “Use of goods and services” were addressed towards the following directions in 2019:

- ✓ wages of contract employees – 242.2 million GEL;
- ✓ Business trip - 80.8 million GEL;
- ✓ Office expenses - 198.6 million GEL;
- ✓ Representation expenses - 22.6 million GEL;
- ✓ Nutritional expenses - 67.7 million GEL;
- ✓ Medical expenses - 82.6 million GEL;
- ✓ Expenses of soft implements, uniform and personal hygiene- 28.8 million GEL;
- ✓ Expenses of maintenance and operation of transport, technics and weapons - 140.0 million GEL;
- ✓ Expenses of military vehicles and gunpowder and shot purchase- 26.6 million GEL;
- ✓ Other Use of goods and services - 412.0 million GEL.

The “**interest**” was defined on 611.3 million GEL according to adjusted plan, the execution amounted to 604.5 million GEL (98.9%), mentioned above execution amounts to 96.9% of initial and approved plans (the initial plan was not amended when amendments were made in October 2019 to state budget law). 323.8 million GEL were directed to service external liabilities and 280.6 million were directed to serve domestic liabilities.

In 2019 execution of “**subsidies**” amounted to 489.7 million GEL, which is 103.6% of adjusted plan (472.6 million GEL). As for initial and approved plan indicators in 2019 were following, 110.3% of initial plan (443.8 million GEL) and 112.5% of approved plan (435.1 million GEL).

In 2019 “subsidies” were addressed towards the following directions: On the programs of the Ministry of Education, Science, Culture and Sport of Georgia - on “Development and Popularization of Mass and High Achievements in Sports” (program code 32 12) – 121.1 million GEL and 22.2 million GEL on “Support to Scientific Research and Studies” (program code 32 05); On the programs of the Ministry of Environmental Protection and Agriculture of Georgia – on “Preferential Agro Credits” (program code 31 05 02) – 71.3 million GEL; On the programs of the Ministry of Regional Development and Infrastructure of Georgia – on “Rehabilitation-renewal of Infrastructure and Water Supplies” (program code 25 04) – 27.6 million GEL and 26.1 million GEL on “Rehabilitation of regional and municipal infrastructure” (program code 25 03); On the programs of the Ministry of Economy and Sustainable Development of Georgia – on “Development of Entrepreneurship” (program code 24 07) – 31.9 million GEL.

The execution of “**grants**” in 2019 amounted to 798.3 million GEL, which is 100.1% of adjusted plan (797.8 million GEL), 101.3% of approved plan (787.9 million GEL) and 146.7% of initial plan (544.3 million GEL).

Compared to 2018 the execution in 2019 has decreased by 533.6 million GEL (40.1%), which is mainly related to cancelation of equalizing transfer. The expenses from grants were mainly incurred on the transfers of autonomous and local self-governmental units – with the amount of 590.5 million GEL (including capital transfer – 371.2 million GEL, special transfer – 207.5 million GEL and targeted transfer – 11.8 million GEL).

As to the current and capital purpose grants – 182.6 million GEL represents the current grants, whereas – 615.7 million GEL represents the capital grants of execution of grants (798.3 million GEL) in 2019.

The diagram below represents the execution of current and capital purpose grants in 2012-2019.

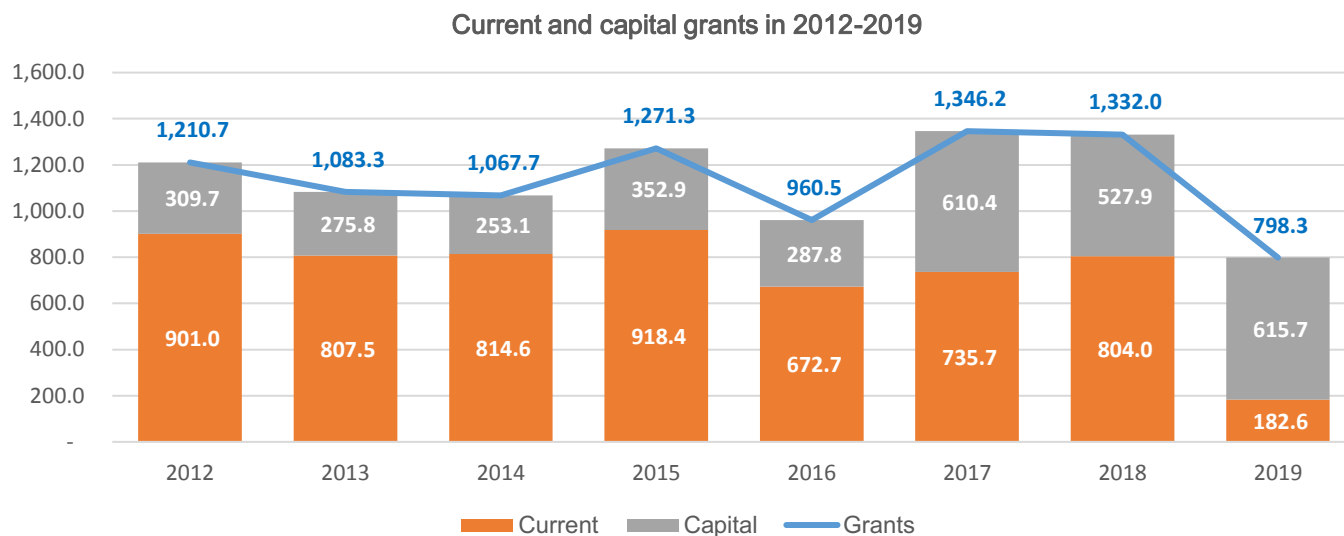


Diagram 31: Current and capital grants in 2012-2019 (million GEL)

As it represented on the diagram in 2019 compared to previous years, the execution of current grants has sharply decreased, which is related to the changes in budget code. In particular to the cancelation of equalising transfer. As regards to execution of capital grants (615.7 million GEL), in years 2012-2019, the highest indicator occurred in 2019.

In 2019, the highest expenses incurred in “**social benefits**”, 3,946.6 million GEL (39.6% of expenses), the approved plan of mentioned article amounted to 3,886.9 million GEL. Therefore, the annual execution amounted to 101.5% of annual plan. As regards to adjusted plan (3,946.8 million GEL), mentioned execution amounted to 100.0% of adjusted plan, however if it is compared to initial plan (3,866.9 million GEL) in this case, the execution of “social benefits” amounted to 102.1% of initial plan.

The most of the expense under mentioned article went to Ministry of internally displaced persons from the occupied territories, Labour, health and social affairs of Georgia under for following sub-programmes: “Provision of Pension for Population (program code 27 02 01)”- 1,937.5 million GEL, “Universal Healthcare Services to Population (program code 27 03 01)”- 824.8 million GEL and “Social Assistance for Targeted Groups of Population (program code 27 02 02)”- 738.8 million GEL.

Compared to 2018, 2019 expenses covered under “social benefits” have increased by 445.3 million GEL (by 12.7%), which is mainly caused by increase in provision of pension for population in comparison to previous year by 220.8 million GEL, social assistance for targeted groups of population by 97.5 million GEL and universal healthcare services to population by 68.3 million GEL.

The diagram below shows the execution of “Social Benefits” and its share in total expenditures and expenses in 2012-2019.

Execution of "Social Benefits" in 2012-2019 and its share in expenses and total expenditures

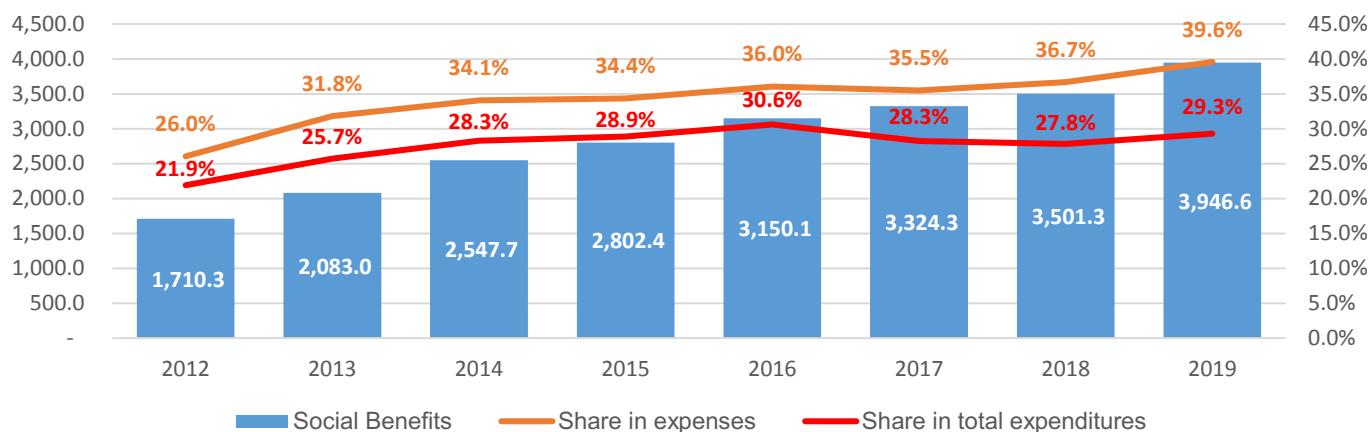


Diagram 32: Execution of "Social Benefits" in 2012-2019 and its share in expenses and total expenditures (million GEL, %)

As it is presented on the diagram, the "Social Benefits" is characterised by annual growth tendency in 2012-2019 and reaches maximum in 2019. Compared to 2012 the execution has increased 2.3 times. As regards to its share in total expenditures and expenses, the share of the "Social Benefits" in expenses reaches its maximum (39.6%) in 2019, furthermore its share in total expenditures is 29.3% in 2019 (in 2012-2019 the highest indicator was in 2016 and amounted to 30.6%)

In 2019 the annual plan of "other expenses" was defined at 1,549.2 million GEL, however its execution compiled to 1,379.8 million GEL, which is 89.1% of annual approved plan. The initial plan of "other expenses" was defined as 1,473.2 million GEL, thus consequently execution was 93.7% of initial plan. As regards to adjusted plan, by the end of 2019 it was defined at 1,374.5 million GEL and thus execution amounted to 100.4% of adjusted plan.

In 2019 compared to 2018 incurred expenses under mentioned article have increased by 297.7 million GEL, which is due to increase in pupils' vouchers and capital transfers. In 2019 the expenses covered under "other expenses" were mainly directed to finance following: pupils' vouchers – 723.9 million GEL; capital transfers that are not classified in any other section -289.5 million GEL and state tuition grants – 113.4 million GEL.

The diagram below presents information about capital and current transfers covered under "other expenses" in 2012-2019.

Execution of "Other expenses" of economic classification in 2012-2019

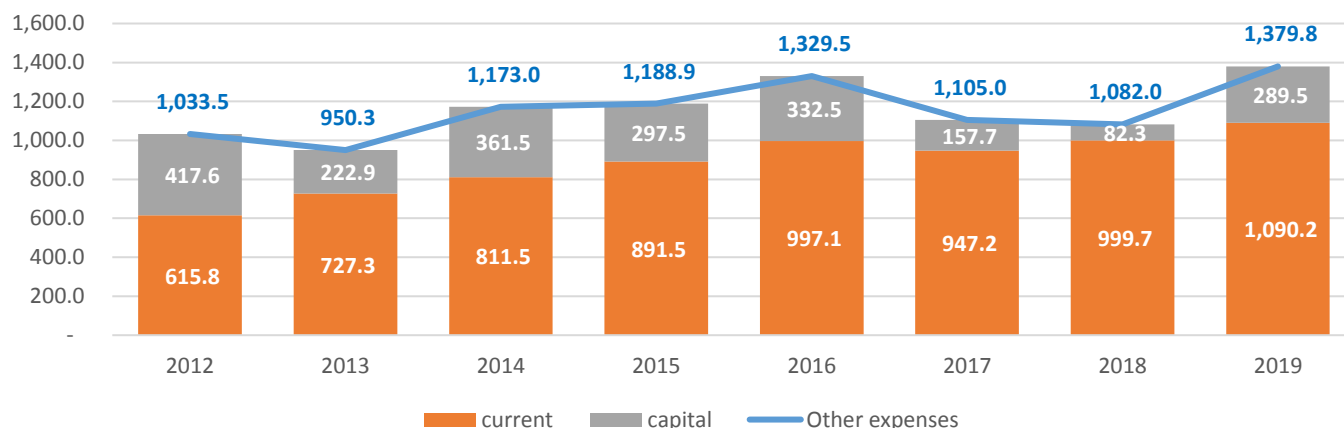


Diagram 33: Execution of "Other expenses" of economic classification in 2012-2019 (million GEL)

As to the expenses of State Budget according to months, in 2019 the largest execution of expenses occurred in December (1,174.4 million GEL) the lowest in January (721.9), the average indicator of monthly expenses was 831.3 million GEL.

The diagram below shows 2019 state budget expenses according to months.

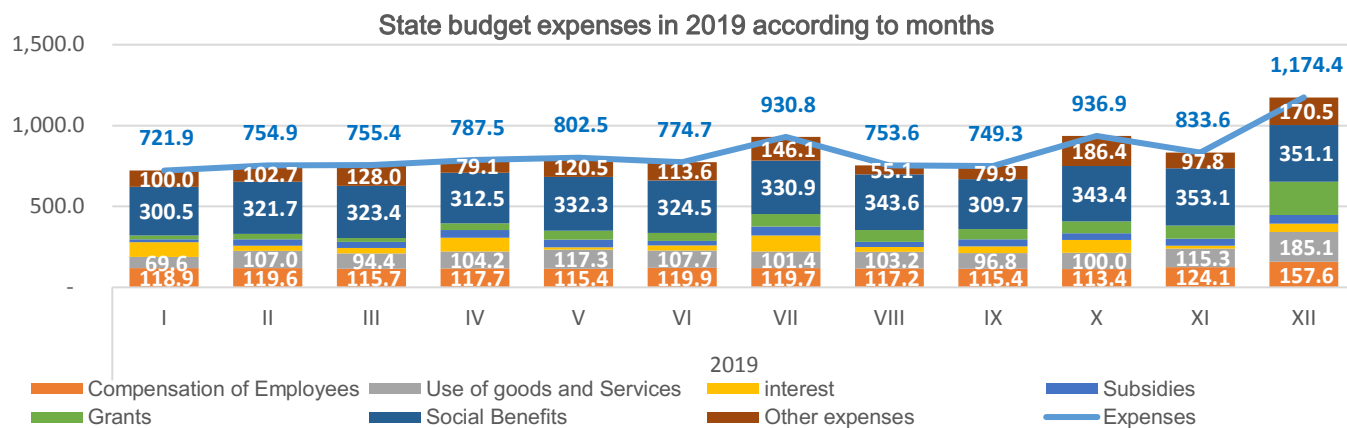


Diagram 34: State budget expenses in 2019 according to months (million GEL)

With regard to the **expenses of consolidated budget**, the dynamics in 2012-2019 are characterized by growth tendency. In 2019 annual factual indicator exceeds the indicator of 2012 by 4,432.8 million GEL, the average growth rate in 2013-2019 is 8.2%. However, if the ratio of expenses of consolidated budget to GDP is discussed, in 2012-2019 the lowest indicator occurred in 2019 (21.0%).

The diagram below shows the dynamics of consolidated budget and its ratio to GDP in 2012-2019.

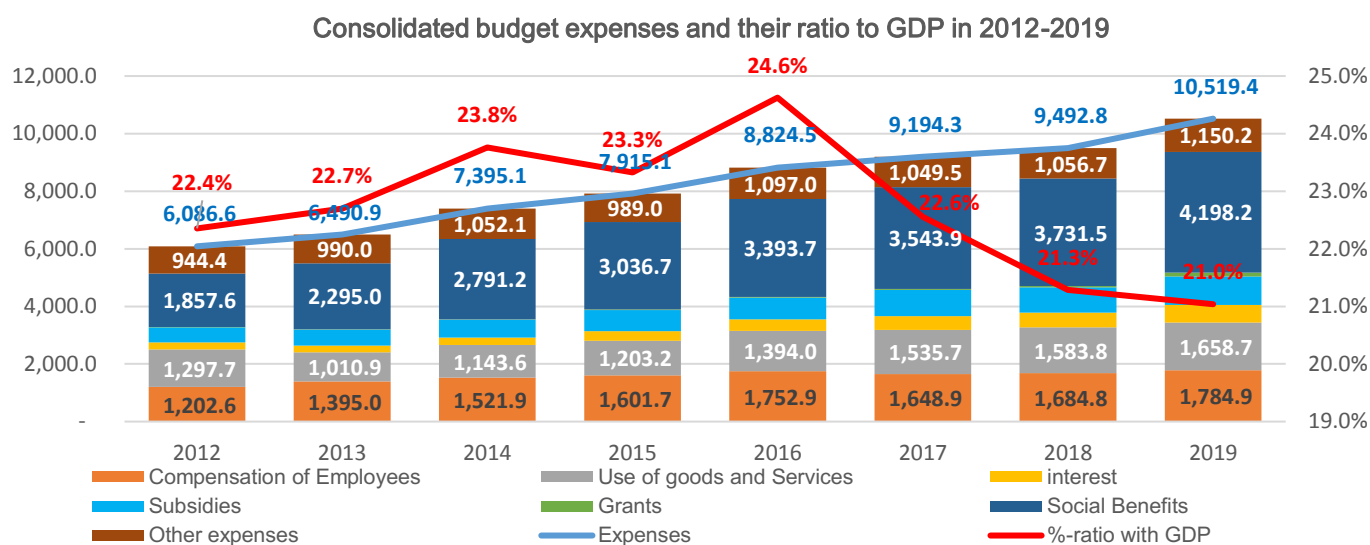


Diagram 35: Consolidated budget expenses and their ratio to GDP in 2012-2019 (, %)

Acquisitions of nonfinancial assets

By the end of 2019, the adjusted plan of **acquisitions of nonfinancial assets** was defined at 2,187.3 million GEL, and execution amounted to 2,256.1 million GEL, which is 103.1% of adjusted plan. The actual expense has exceeded the initial and approved plans. In particular, 104.8% of initial plan (2,152.3 million GEL), and 105.5% of approved plan (2,137.6 million GEL).

Compared to 2018, in 2019 the indicator of execution has increased by 344 million GEL (by 18%), which is mainly related to the building and maintenance of roads (203.5 million GEL) by Ministry of Regional Development and Infrastructure of Georgia and the development of the educational and research infrastructure (42.1 million GEL) by Ministry of education, science, culture and sport of Georgia.

In 2019 the execution mainly was distributed on following programs of Ministry of Regional Development and Infrastructure of Georgia: “Measures for the Improvement of Road Infrastructure (program code 25 02)” – 1,277.4 million GEL and “Rehabilitation of Regional and Municipal Infrastructure (program code 25 03) – 224.3 million GEL.

As regards to the share of acquisitions of nonfinancial assets in total expenditures and its dynamics according to financing resources, the diagram below shows the data in 2012-2019:

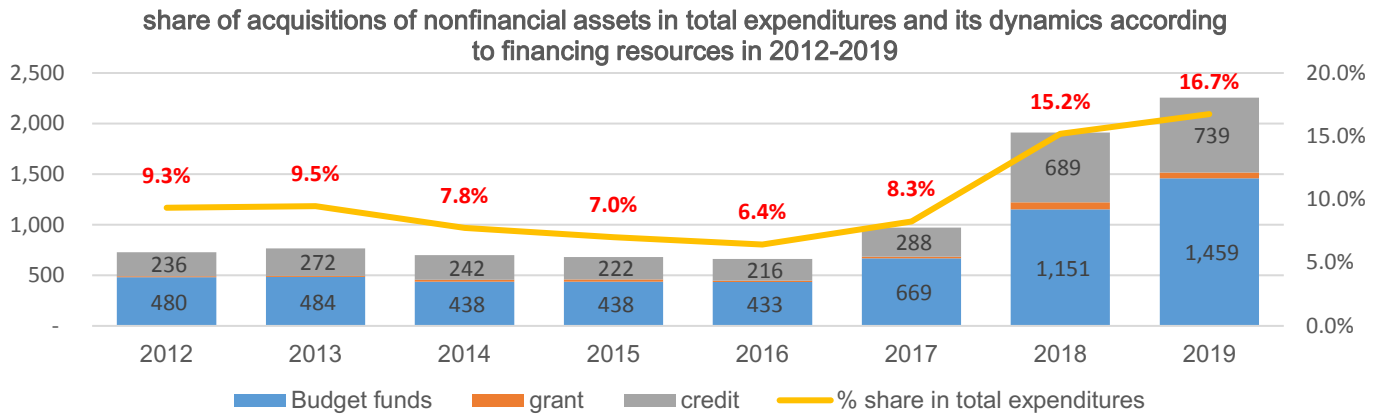


Diagram 36: share of acquisitions of nonfinancial assets in total expenditures and its dynamics according to financing resources in 2012-2019 (million GEL, %)

As it is represented on diagram, the share of acquisitions of nonfinancial assets in total expenditures from 2012 till 2019 has increased from 9.3% to 16.7%. It must be noted that between 2017-2019 the funding sources have sharply increased both from budget resources and credits. From 2017 till 2019 the funding of both mentioned sources in component of acquisitions of nonfinancial assets have increased 2-2.5 times.

As for monthly execution of acquisitions of nonfinancial assets, the largest share comes on December – 521.3 million GEL, which is 23.1% of annual execution, when the average indicator of execution for other 11 months is 7%.

The diagram below shows the monthly execution of acquisitions of nonfinancial assets in 2019.

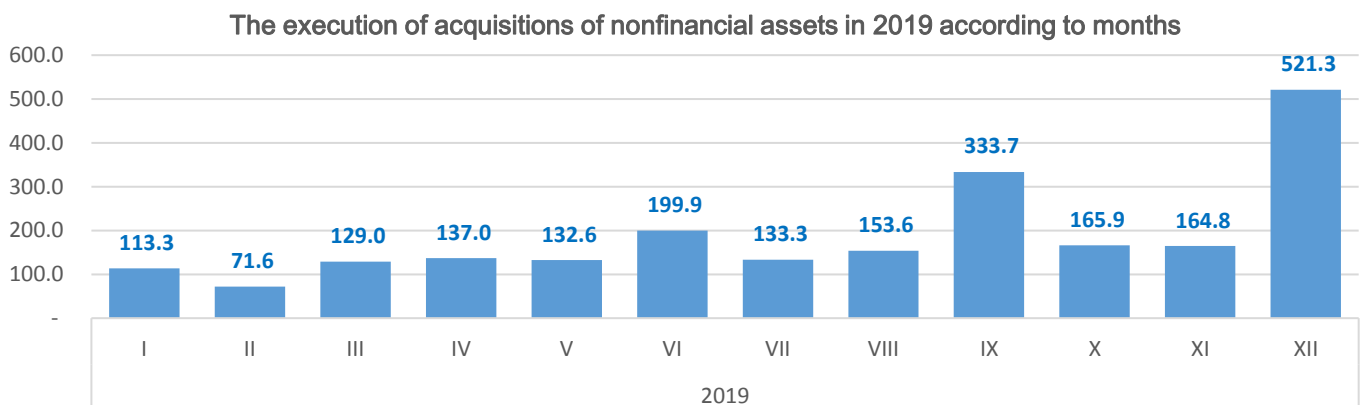


Diagram 37: The execution of acquisitions of nonfinancial assets in 2019 according to months (million GEL)

In 2019 the main share of the execution of acquisitions of nonfinancial assets comes on execution of the main assets' component. In particular, in 2019 2,210.5 million GEL from annual execution (2,256.1 million GEL) was targeted on main assets, on non-derivative assets – 39.7 million GEL, material supplies – 5.9 million GEL and 4.2 thousand GEL on values.

The diagram below shows the execution of acquisitions of nonfinancial assets according to components in 2012-2019.

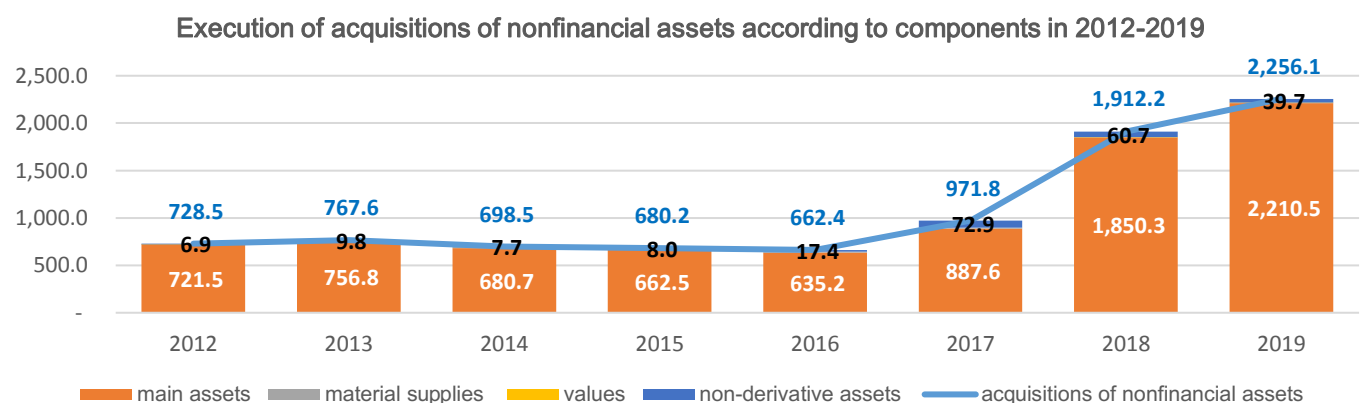


Diagram 38: Execution of acquisitions of nonfinancial assets according to components in 2012-2019 (million GEL)

Acquisitions of financial assets

In 2019, the initial plan of state budget for **acquisitions of financial assets** was defined at 362.7 million GEL, after amendments to state budget law in October the plan defined it at 209.4 million GEL, whereas the adjusted plan by the end of the year defined it at 216.9 million GEL. As regards to execution, its amounted to 278.9 million GEL, which is 76.9% of the initial plan, 133.2% of the approved plan and 128.6% of the adjusted plan.

In 2019, 98.7% of execution comes on funding sources from credit resources, which means the re-lending of received loan on domestic debtors.

In 2019 the execution is mainly distributed on the “Rehabilitation and Recovery of Water Supply Infrastructure (program code 25 04)” program of the Ministry of Regional Development and Infrastructure of Georgia – 199.9 million GEL, the expenditures of general state importance “General-State Expenditures Financed by Donors” – 41.9 million GEL and on the following programs of Ministry of Economy and Sustainable Development of Georgia: “Vardnili and Enguri Hydro Power Plant Rehabilitation Project (EBRD, EIB, EU) (program code 24 13)”- 17.3 million GEL and “Development of Power Transmission Grids of Systemic Importance (program code 24 14)”- 14.9 million GEL.

The diagram below shows the execution of acquisitions of financial assets according to components in 2012-2019.

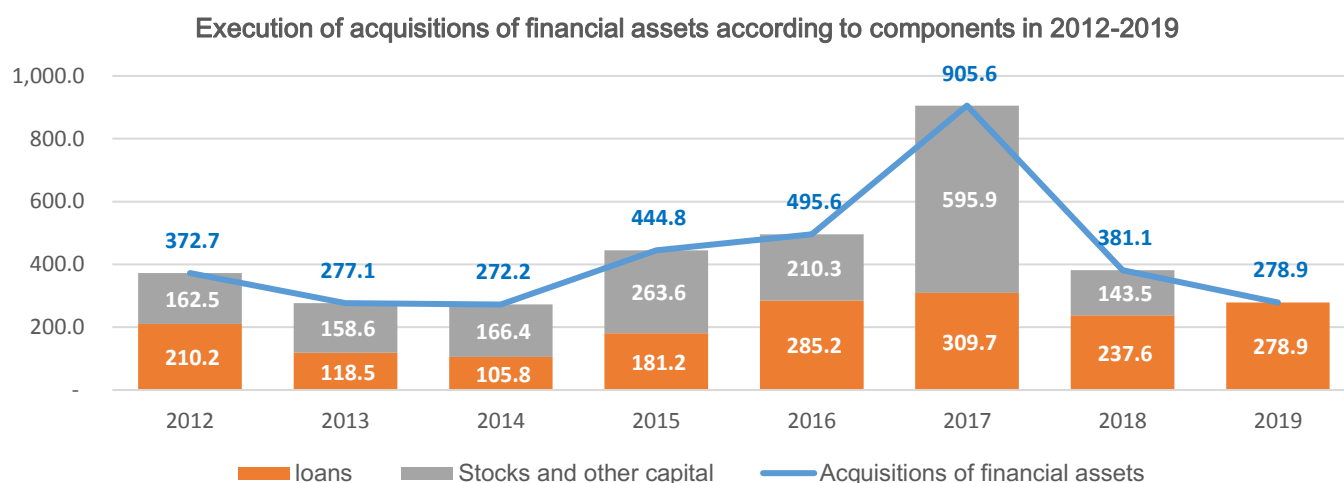


Diagram 39: Execution of acquisitions of financial assets according to components in 2012-2019 (million GEL)

Reductions of liabilities

As for the fourth components of total expenditures of state budget, **reductions of liabilities**, in 2019 state budget plan amounted to 967.1 million GEL, however execution (959.2 million GEL) complied to 99.2% of the plan, regarding initial (933.9 million GEL) and adjusted (964.3 million GEL) plans, it amounts accordingly at 102.7% and 99.5%. Compared to 2018, the execution has increased by 206.0 million GEL (by 27.3 %), which is caused by growth in repayment of domestic and external liabilities. In 2019 917.0 million GEL was directed to repayment of external liabilities and 42.2 million GEL - repayment of domestic liabilities (see in detail in “expenditures of general state importance”).

	2019 performance	performance towards initial plan	performance towards annual plan	performance towards adjusted plan
Reductions of liabilities	959.2	102.7%	99.2%	99.5%
External	917.0	102.6%	98.9%	99.4%
domestic	42.2	105.2%	105.2%	100.0%

Table 9: The performance of reductions of liabilities in 2019 (million GEL, %)

Functional Classification of Operations on Expenses and Nonfinancial Assets²⁴

According to **Functional Classification of Operations on Expenses and Nonfinancial Assets²⁵** of the 2019 state budget of Georgia, assignments were defined at 12,136.6 million GEL. The initial plan amounted to 11,793.4 million GEL, whereas adjusted plan 12,131.9 million GEL. In 2019 execution amounted to 12,231.6 million GEL.

The diagram below represents the execution of State Budget expenses and nonfinancial asset classification in the functional frame in 2019 :

Execution of State Budget expenses and nonfinancial asset classification in the functional frame in 2019

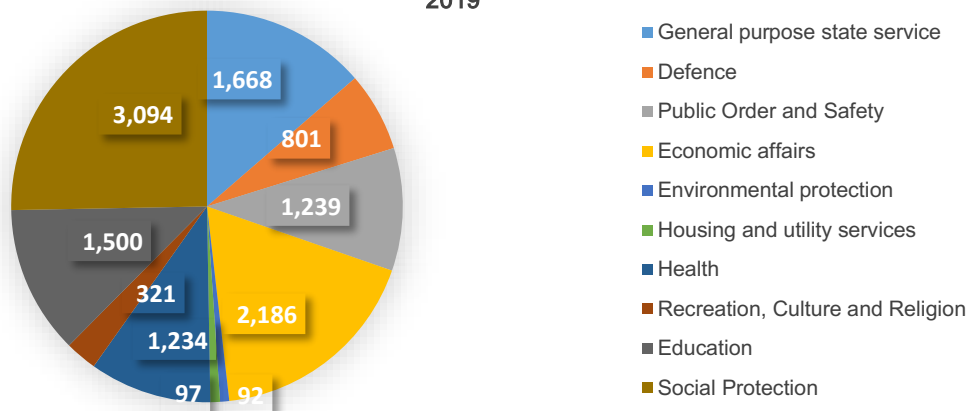


Diagram 40: Execution of State Budget expenses and nonfinancial asset classification in the functional frame in 2019 (million GEL)

As represented in the diagram of functional classification, in 2019 State Budget assignments were addressed to the four main directions: social protection, economic affairs, general purpose state service and education. It must be noted, that above mentioned four directions according to presented functional classification are the largest directions in years 2016-2019. However, regarding years 2012-2015, the direction of education was at 5th and 6th place according to size.

Furthermore, it must be noted, that the direction of general purpose state service is characterised by reduction tendency and in 2019, between years 2012-2019, has shown the lowest indicator.

The diagram below represents 2012-2019 State Budget execution according to classification of expenses and nonfinancial assets in functional frame and its ratio to GDP:

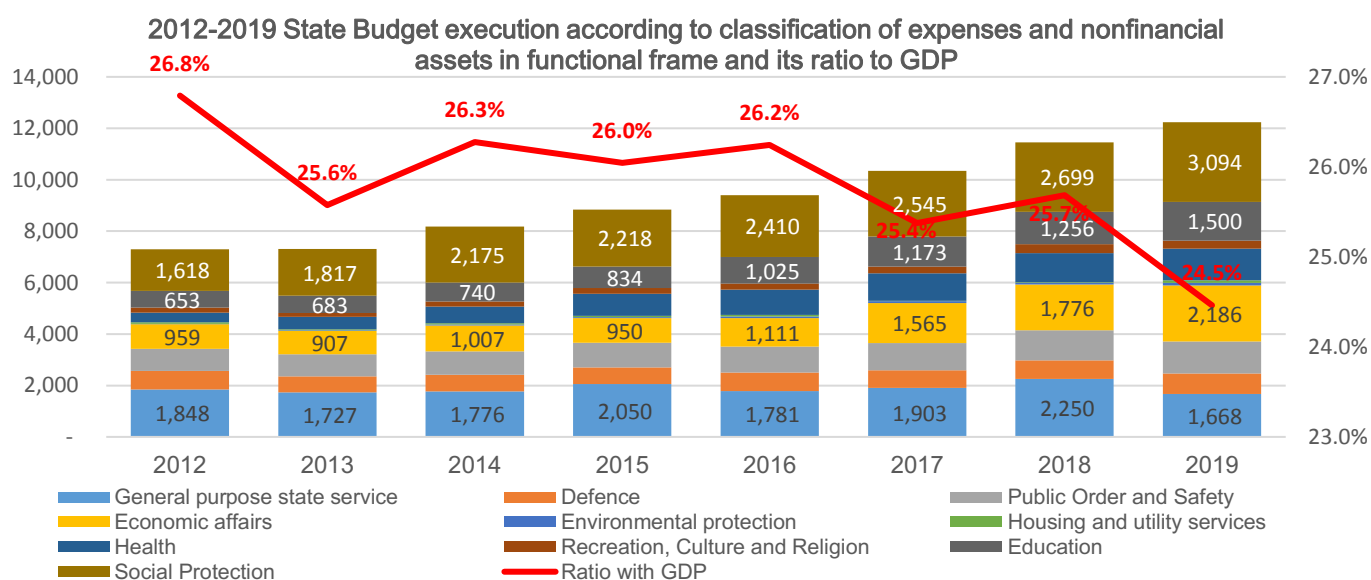


Diagram 41: 2012-2019 State Budget execution according to classification of expenses and nonfinancial assets in functional frame and its ratio to GDP (million GEL, %)

²⁴ Information on the performance according to the functional classification of operations on expenses and nonfinancial assets in 2012-2019 is indicated on the basis of information from the Treasury Service on the performance of the respective year.

²⁵ "Government Finance Statistics Manual" by the International Monetary Fund 2014 (GFSM 2014) The functional classification of expenses and nonfinancial assets provides information on the purpose of governmental functions by incurred expenses.

From 10 direction of Functional Classification of Operations on Expenses and Nonfinancial Assets only social protection, health and education directions are characterized by annual growth tendency in years 2012-2019. The diagram below shows the executions of mentioned directions and their ratio to GDP in 2012-2019:

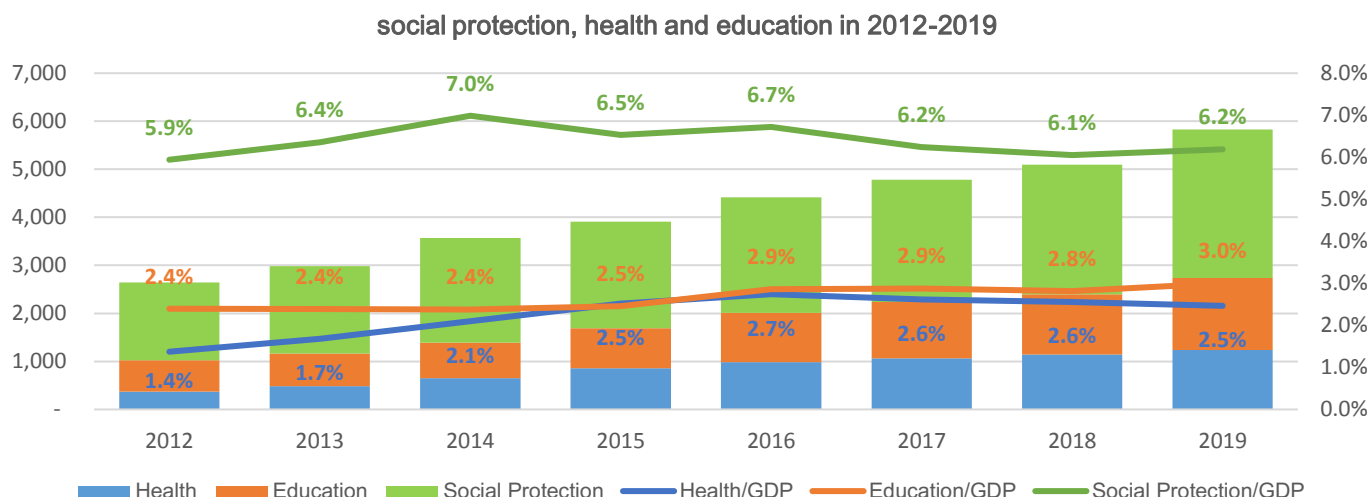


Diagram 42: social protection, health and education in 2012-2019 (million GEL, %)

Priorities of the State Budget

According to state budget 2019 were defined 12 priorities, on which 11,138.3 million GEL was totally directed. The execution of these priorities was 102.8% of the initial plan (10,838.6 million GEL) and 102.4% of the approved plan (10,875.6 million GEL). It exceeds the indicator of 2018 by 1,204.7 million GEL (by 12.1%).

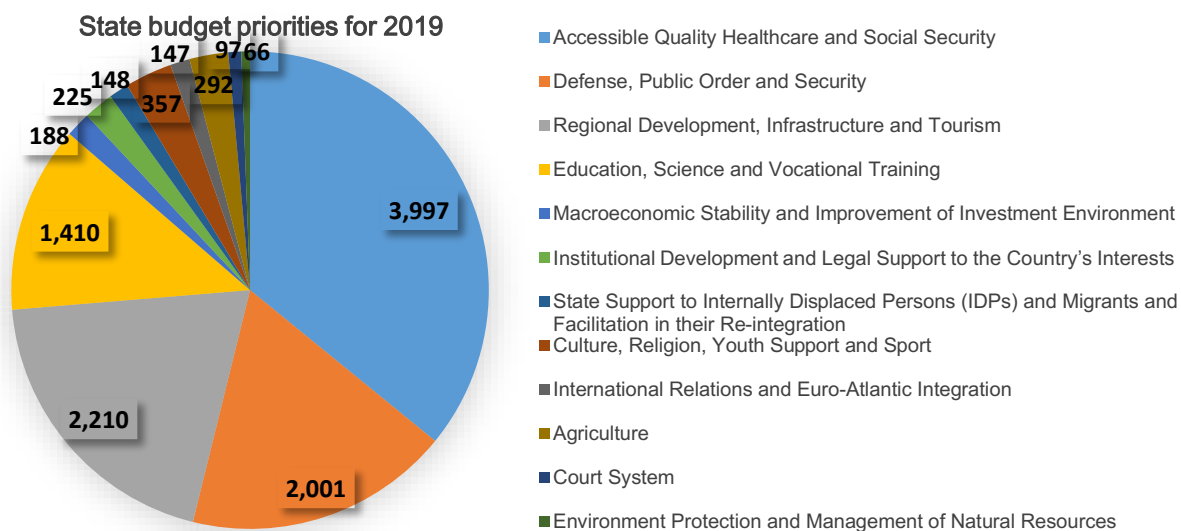


Diagram 43: State budget priorities for 2019 (million GEL)

The 86.4% of assignments directed towards 2019 state budget priorities comes on following four priorities: accessible and quality healthcare and social security – 3,996.7 million GEL; defense, public order and security - 2,001.3 million GEL; regional development, infrastructure and tourism- 2,209.6 million GEL; education, science and vocational training – 1,410.4 million GEL.

Also, it must be noted, that funding of mentioned above 4 priorities is the highest in 2019 compared to funding in years 2012-2019.

The diagram below shows funds directed towards state budget priorities in 2012-2019:

State budget priorities for 2019

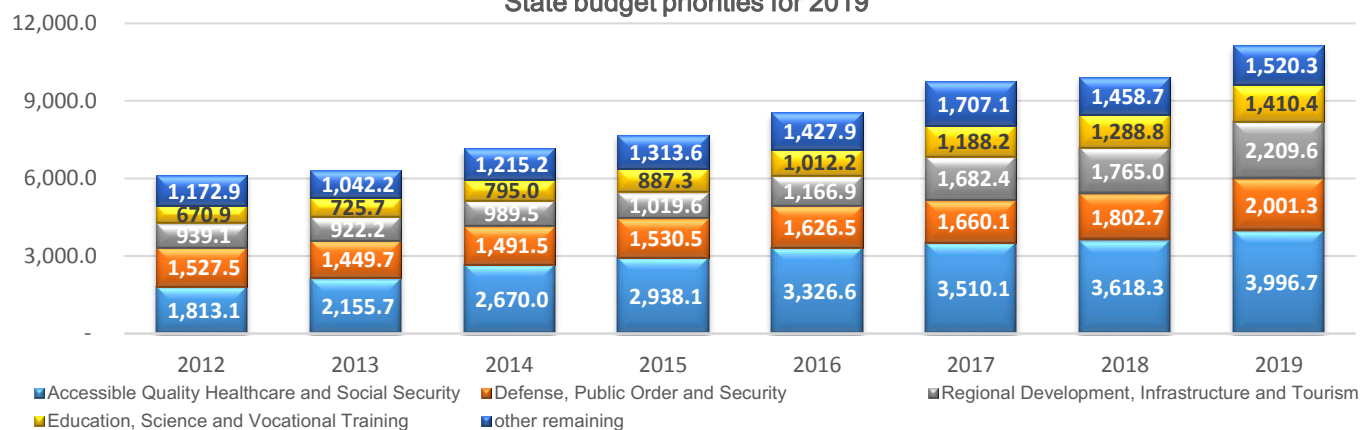


Diagram 44: State budget priorities in 2012-2019 (million GEL)

Performance Indicators of spending Institutions and Programs defined by the State Budget

Performance Indicators on the level of Spending Institutions

According to law of Georgia “state budget law of Georgia 2019”, initially, according to initial plan, 53 spending institutions²⁶ were identified, from which 17 had totally 118 programs²⁷, and 36 were not provided with programs.

As a result of amendments made to the law of Georgia “state budget law of Georgia 2019” in October 2019, according to annual plan the number of spending institutions has not changed.

Regarding to funding, as a result of amendments made to the law of Georgia “state budget law of Georgia 2019” in October 2019, the funding of spending institutions has increased by 37.0 million GEL, from 10,838.6 million GEL to 10,875.6 million GEL. Also, redistribution of budgetary assignments between spending institutions occurred. In particular, the funding increased for 11 spending institutions, for 2 spending institutions it was reduced and stayed the same for 40 spending institutions.

Code	Title	2019 initial plan	2019 annual plan	2019 annual plan/ 2019 initial plan	
				distinction	% - alternation
The spending institutions for which funding has been increased as a result of amendments made to the law					
32 00	Ministry of Education, Science, Culture and Sport of Georgia	1,508.5	1,639.5	131.0	8.7%
30 00	Ministry of Internal Affairs of Georgia	741.6	766.6	25.0	3.4%
26 00	Ministry of Justice of Georgia	181.1	191.1	10.0	5.5%
27 00	Ministry of Internally Displaced Persons from The Occupied Territories, Labour, Health and Social Affairs of Georgia	3,968.4	3,978.4	10.0	0.3%
28 00	Ministry of Foreign Affairs of Georgia	136.5	143.5	7.0	5.1%
46 00	LEPL - Levan Samkharauli National Forensics Bureau	4.2	8.7	4.5	107.1%
02 00	Administration of the President of Georgia	6.0	8.2	2.2	36.7%
51 00	State Inspector Service	2.8	4.4	1.6	57.1%
31 00	Ministry of Environmental Protection and Agriculture of Georgia	338.9	340.1	1.2	0.4%
40 00	Special State Protection Service of Georgia	57.5	58.3	0.8	1.4%
06 00	Central Election Commission of Georgia	27.5	27.7	0.2	0.7%
The spending institutions for which funding has been decreased as a result of amendments made to the law					
24 00	Ministry of Economy and Sustainable Development of Georgia	369.6	253.1	-116.5	-31.5%
29 00	Ministry of Defence of Georgia	875.0	835.0	-40.0	-4.6%

Table 10: The initial and annual plans of spending institution, whose funding was amended as a result of changes to law of Georgia “state budget law of Georgia 2019” (million GEL, %).

In 2019, as a result of the relevant budget amendments provided by the Budget Code²⁸, the funding of spending institutions, in relation to the assignments approved by the annual plan, increased by a total of 95.0 million GEL and the adjusted plan amounted to 10,970.6 million GEL (on the cost of the decrease of the same

²⁶ Spending Institution – for state and autonomous republican budgets it is a budgetary organization envisaged in Tier One of the Program Budgeting Classification, while for the local authority budgets it is a self-governing authority; (Budget Code of Georgia)

²⁷ Program – set of measures to be carried out for the achievement of priority goals envisaged in the budget, which are grouped by common substance and implemented for the attainment of a common outcome and whereby a single spending institution is kept responsible over the implementation; (Budget Code of Georgia)

²⁸ Budget Code of Georgia Article 31. Distribution of Budget Appropriations and Adjustments in the Program Budgeting Classification

amount in expenditures of general state importance). The increase is mainly due to the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia in the amount of 35.0 million GEL, the Ministry of Justice of Georgia in the amount of 22.8 million GEL, the Ministry of Regional Development and Infrastructure of Georgia in the amount of 14.0 million GEL and the Ministry of Environment and Agriculture of Georgia in the amount of 7.8 GEL.

However, it should be noted that out of 53 spending institutions defined by the state budget law, 35 spending institutions' budgets were not adjusted, and the budget of 18 was amended in both direction of increase and decrease (see Annex №4 for details). The diagram below shows the percentages of changes in the adjusted budgets of these 18 spending institutions in relation to the approved budget in the annual plan.

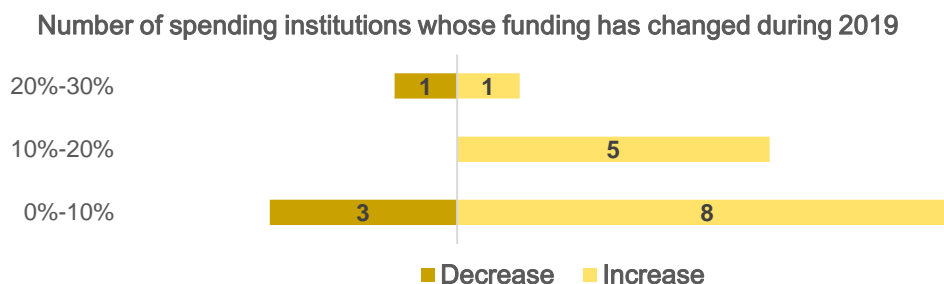


Diagram 45: Percentage change in the adjusted budget of spending institutions for 2019 related to the approved budget (units).

At the end of 2019, the total budget execution of spending institutions amounted to 11,138.3 million GEL, which is 102.8% of the initial annual plan, 102.4% of the annual plan and 101.5% of the adjusted plan. In addition to the above-mentioned 53 spending institutions, **performance were recorded in the budget execution of 1 additional spending institution** (“LEPL - Technological Institute” program code - 60 00) in the amount of 0.5 million GEL, which is payments under the targeted grant and it won't be displaced in annual and adjusted plans. **Accordingly, the 2019 annual report covered 54 spending institutions.**

As for the execution of the 2019 budget of 53 spending institutions defined by the state budget law, the diagram below shows the number of spending institutions in terms of the percentage alternation between their execution of the 2019 budget and the adjusted plan.

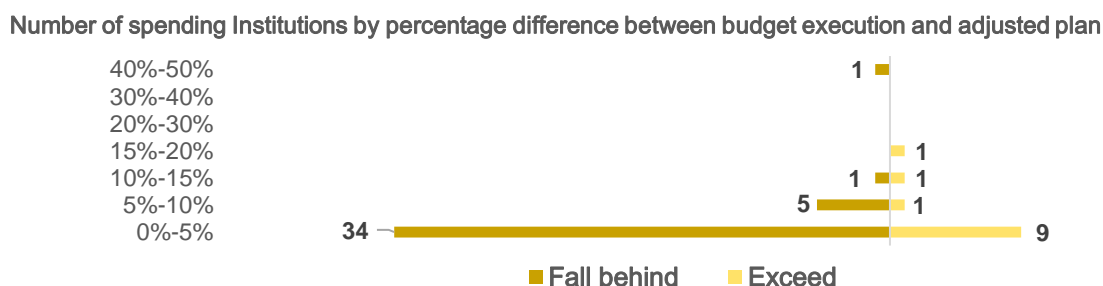


Diagram 46: Number of spending institutions by the percentage alternation between the budget execution and the adjusted plan (units)

As shown on the diagram, the budget execution of 12 spending institutions exceeds their adjusted plan, while the budget execution of 41 spending institutions lags behind the adjusted plan. However, it should be noted, that in most cases the performances do not differ significantly from the adjusted plans. In particular, in the cases of 43 spending institutions, these deviations range from 0% to 5%.

As for the requirements²⁹ of the Budget Code of Georgia, **in the case of spending institutions as a program**, there was no 30% difference between the approved plan and adjusted plan provided by law. As in no case does the difference between the approved and adjusted assignments of spending institutions as a program exceed 30%. Regarding the 15% difference between adjusted plan and performance, this was the case only for **3 spending institutions as a program**. In particular, they are:

²⁹ Budget Code. Article 56 "Annual Report on the Execution of the State Budget",

1. The annual report on the execution of the state budget includes at least the following information on the execution of the annual budget: E) Clarification on the inconsistencies between the approved and adjusted budget allocations according to the programs of the spending institutions, if such inconsistencies exceed 30% F) Clarification on the inconsistencies between the adjusted allocations and the performance according to the programs of the spending institutions, if such inconsistencies exceeds 15%;

Code	Title	2019 adjusted plan	2019 actual	2019 actual / 2019 adjusted plan	
				distinction	% - alternation
41 00	Public Defender Office (Ombudsman) of Georgia	6.4	7.6	1.2	18.1%
53 00	LEPL - Public Private Partnership Agency	0.5	0.3	-0.2	-47.0%
60 00	LEPL – Technological Institute	-	0.5	0.5	

Table 11: Spending institutions as programs whose difference between adjusted plan and performance exceeds 15% for 2019 (million GEL,%).

Performance Indicatorss on the level of Program

According to law of Georgia “state budget law of Georgia 2019”, **118 programs³⁰ were initially defined**. As a result of the amendment to the above-mentioned law in October 2019, the total number of programs was not changed, however, 1 program of the Ministry of Economy and Sustainable Development of Georgia was cancelled (“Measures connected with Recognized Liabilities in Terms of Bilateral Contract” program code - 24 18) with funding of 3.8 million GEL. However, 1 program of Central Election Commission of Georgia was added (“Measures for Holding Elections” program code - 06 04) with funding of 0.2 million GEL.

As for the funding of programs, as a result of the amendments to the law, the funding of programs increased by 28.7 million GEL, from 10,609.1 million GEL to 10,637.8 million GEL. Also, budget assignments were redistributed between programs. In particular, funding was increased for 13 programs, reduced for 14 programs, and funding remained unchanged for 90 programs.

The table below presents the initial and annual plans of the programs whose funding has changed as a result of an amendment to the state budget law in October 2019.

Code	Title	2019 initial plan	2019 annual plan	2019 annual plan / 2019 initial plan	
				distinction	% - alternation
Programs whose funding has been increased by an amendment to the law					
25 04	Rehabilitation and Recovery of Water Supply Infrastructure	226.2	262.4	36.2	16.0%
25 06	Support to IDPs	50.0	66.5	16.5	33.0%
25 07	Construction and Rehabilitation of General Educational Infrastructure	72.5	83.0	10.5	14.5%
26 01	Development of Public Policy to Support the Law Making and Legal Protection of the Best Interests of Georgia, Including the Implementation of Criminal Law System	8.5	18.5	10.0	117.8%
27 06	Support of IDPS and Migrants;	57.9	67.9	10.0	17.3%
28 01	Foreign Policy Implementation	136.0	143.0	7.0	5.1%
30 01	Public Order and Development of International Cooperation	528.0	553.0	25.0	4.7%
31 05	Common Agro Project	96.9	104.2	7.3	7.5%
31 07	Modernization of Irrigation Systems and Promoting the development of the agricultural sector	76.7	77.9	1.2	1.6%
32 02	Pre-school and General Education	750.5	845.5	95.0	12.7%
32 13	Social Security and Assistance Events for Public Figures of Sports and Culture	21.2	32.2	11.0	52.0%
32 14	Millenium Challenge Georgia – Second Project	45.3	70.3	25.0	55.1%
40 02	Maintenance of Public Facilities	7.5	8.3	0.8	10.7%
Programs whose funding has been decreased by an amendment to the law					
24 01	Development and Implementation of Economic Policy	23.4	20.2	-3.2	-13.7%
24 10	International Obligations Coverage and Transportation Costs Subsidies in Transportation Field	26.0	13.0	-13.0	-50.0%
24 13	Vardnili and Enguri Hydro Power Plant Rehabilitation Project (EBRD, EIB, EU)	25.0	0.5	-24.5	-98.0%
24 14	Development of Power Transmission Grids of Systemic Importance	86.9	14.9	-72.0	-82.9%
25 01	Development and Management of Regions and Infrastructure Development Policy	8.9	8.4	-0.5	-5.6%
25 03	Rehabilitation of Regional and Municipal Infrastructure	300.5	258.2	-42.3	-14.1%
25 05	Solid Waste Management Program	39.9	19.4	-20.5	-51.3%
29 10	Capacity Building of Defence Forces of Georgia (SG)	55.0	15.0	-40.0	-72.7%
31 01	Environmental Protection and Agriculture Development Program	17.8	16.1	-1.7	-9.6%
31 02	Food Safety, Plant Protection and Epizootic Trustworthiness	68.0	67.6	-0.4	-0.6%

³⁰ This refers to only those programs that are defined within the spending institution. And for those programs that are also spending institutions, information about them is discussed in the spending institutions section (36 programs/spending institutions)

31 04	Implementation of Scientific Research Studies in Agriculture	6.5	5.5	-1.1	-16.1%
31 08	Environmental Surveillance	20.7	19.0	-1.7	-8.0%
31 10	Establishment and Management of Forestry System	11.9	10.4	-1.5	-12.6%
31 14	Monitoring, Projections and Prevention of Environmental Protection	2.4	1.4	-1.0	-42.6%

Table 12: Initial and annual plans of the programs, the funding of which was changed as a result of the amendments in the state budget law in October 2019 (million GEL,%).

During 2019, as a result of the implementation of the relevant budget changes provided by the Budget Code, funding for programs increased by a total of 90.2 million GEL and the adjusted plan amounted to 10,728.0 million GEL. As a result of the budget amendments, the assignments were defined for 5 additional programs, the financing of which was not provided according to the approved budget. Accordingly, **the adjusted state budget plan includes 123 programs.**

Of the 118 programs identified in the approved budget, 23 programs' budgets were not adjusted, for 47 programs funding was increased and decreased for 48. The diagram below shows programs (47 in total) for which funding was increased in 2019 compared to the annual plan.

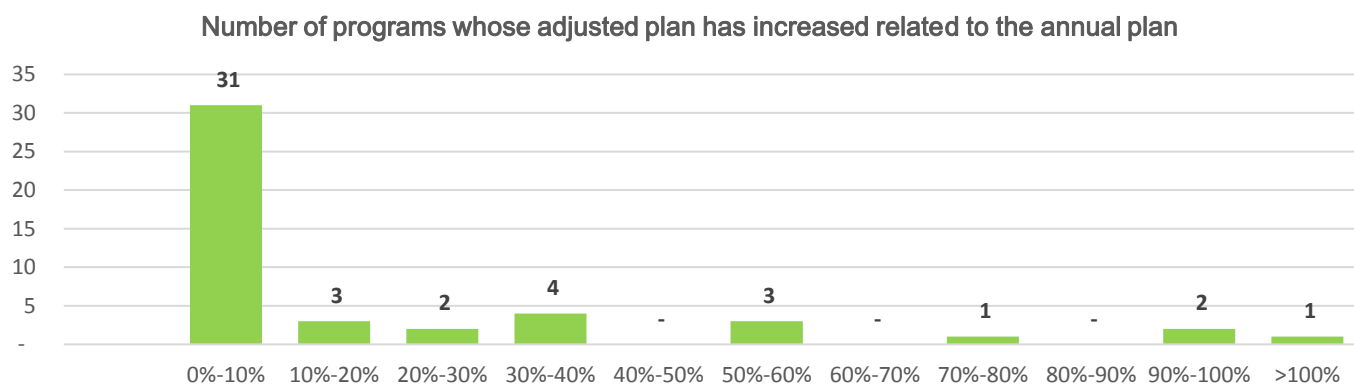


Diagram 47: Number of programs whose adjusted plan has increased related to the annual plan (units).

As shown on the diagram, in most cases the programs did not have a sharp increase in funding, although there were cases where program funding increased almost twice and more compared to the approved plan (see Table 13).

As for the reduction of funding for programs, the diagram below shows the number of programs (48 programs in total) for which funding was reduced in 2019 compared to the annual plan.

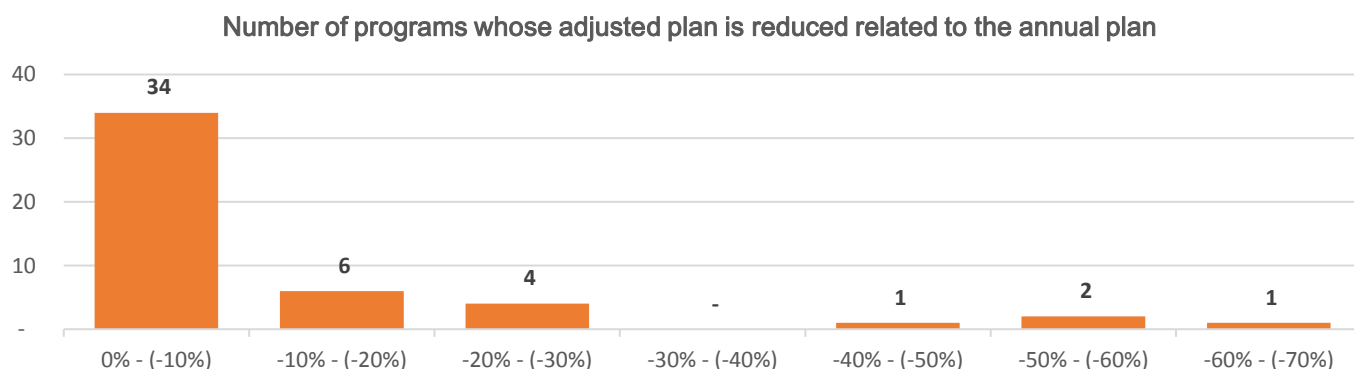


Diagram 48: Number of programs whose adjusted plan is reduced related to the annual plan (units).

Like program funding increases, program funding reductions have not been drastically reduced in most cases, although there are a few exceptions (see Table 13).

As for the requirements of the Budget Code of Georgia³¹ on the difference between the approved and adjusted assignments, in the case of 20 programs (5 new programs, 11 in the direction of increase and 4 in the direction of decrease), this discrepancy exceeded 30%.

³¹ Budget Code. Article 56 "Annual Report on the Execution of the State Budget", 1. The annual report on the execution of the state budget includes at least the following information on the execution of the annual budget: E) Clarification on the inconsistencies between the approved and adjusted budget allocations according to the programs of the spending institutions, if such inconsistencies exceed 30% F) Clarification on the inconsistencies between the adjusted allocations and the performance according to the programs of the spending institutions, if such inconsistencies exceeds 15%;

Code	Title	2019 annual plan	2019 adjusted plan	2019 adjusted plan / 2019 annual plan	
				distinction	% - alternation
Programs that were not funded by the approved budget and as a result of the budget adjustments were funded from the state budget					
26 11	Service Development and Accessibility of the LEPL - National Agency of Public Registry	0.0	4.8	4.8	
26 10	Service Development and Accessibility of the State Service Development Agency	0.0	3.5	3.5	
32 16	LEPL - Youth Center	0.0	2.4	2.4	
01 04	Strengthening Analytical and Research Affairs of Parliament of Georgia	0.0	0.3	0.3	
40 03	LEPL - Governmental Special Communications Agency	0.0	0.01	0.01	
Programs whose funding has increased by more than 30% compared to the annual plan					
06 04	Measures for Holding Elections	0.2	4.7	4.5	2251.5%
26 01	Development of Public Policy to Support the Law Making and Legal Protection of the Best Interests of Georgia, Including the Implementation of Criminal Law System	18.5	36.0	17.5	94.7%
31 11	Establishment and management of National plant-growing system	0.6	1.2	0.6	93.6%
40 02	Maintenance of Public Facilities	8.3	14.7	6.4	77.2%
28 02	Advancement of Staff Qualifications in International Relations	0.5	0.9	0.3	59.8%
29 10	Capacity Building of Defence Forces of Georgia (SG)	15.0	23.2	8.2	54.9%
26 07	Development of Accessibility and Services Offered by the Public Service Hall	4.4	6.8	2.4	54.2%
29 05	Development of Infrastructure	26.5	34.8	8.3	31.3%
24 17	Land Parcel Buy Out Currently Kept in Private Ownership along Marabda-Akhalkalaki-Kartsakhi for the Construction of Baku-Tbilisi-Kars Railway	0.3	0.4	0.1	30.7%
24 06	State Property Management	28.8	37.5	8.7	30.4%
20 02	Maintenance of Operational and Technical Activities	16.1	21.0	4.9	30.3%
Programs whose funding has been reduced by more than 30% compared to the annual plan					
24 10	International Obligations Coverage and Transportation Costs Subsidies in Transportation Field	13.0	7.5	-5.5	-42.1%
31 06	Measures to support agricultural cooperatives	6.5	3.2	-3.3	-51.0%
32 08	State Assistance Events in Youth Sphere	7.4	3.0	-4.4	-58.9%
27 04	Rehabilitation and Equipment of Healthcare Facilities	20.0	6.8	-13.2	-66.0%

Table 13: Programs whose difference between the approved and adjusted assignments for 2019 is more than 30% (million GEL,%).

At the end of 2019, the execution of the programs amounted to 10,896.9 million GEL, which is 102.7% of the initial annual plan, 102.4% of the annual plan and 101.6% of the adjusted plan. In addition, except of above mentioned 123 programs, **execution were recorded in 2 additional programs** ("Development of Skiing Infrastructure in Upper Svaneti (Government of France)" (program code - 24 26) - 1.3 million GEL and "Innovation, Inclusion and Quality Project - Georgia I2Q (IBRD) "(Program Code - 32 18) - GEL 0.7 million), which is a direct expense incurred by donors reflected in the report of the project and its plan is not reflected in the approved and adjusted annual plans, **therefore, according to the 2019 annual performance, a total of 125 programs were identified.**

As for the execution of the 2019 budget of 123 programs defined by the annual adjusted plan, the execution of 11 programs amounted to 100% of the adjusted plan, in 40 cases the performance rate exceeded the adjusted plan, in 72 programs - the performance rate fell short of the adjusted plan. The diagram below shows the number of programs, by the percentage difference between the execution and the adjusted plan (a total of 40 programs) whose budget execution in 2019 exceeds the adjusted plan.

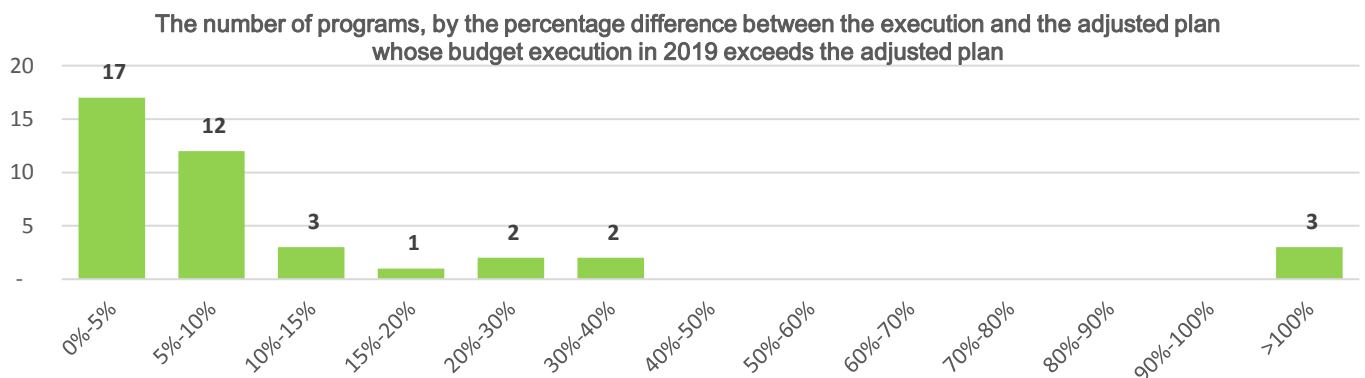


Diagram 49: The number of programs, by the percentage difference between the execution and the adjusted plan whose budget execution in 2019 exceeds the adjusted plan (units).

As shown on the diagram, in most cases the program execution exceeds adjusted plans, there were no sharp excesses except in a few cases. In particular, in the case of 3 programs, the mentioned excess exceeds 100%, they are:

- **24 13 - Vardnili and Enguri Hydro Power Plant Rehabilitation Project (EBRD, EIB, EU)** - The adjusted plan amounted to 0.5 million GEL, while the execution amounted to 17.3 million GEL, reflecting the direct expense incurred by the donor in the report of the project;
- **26 10 - Service Development and Accessibility of the State Service Development Agency** - The adjusted plan amounted to 3.5 million GEL, while the execution amounted to 7.3 million GEL, reflecting the target grants received during the year as part of the execution;
- **31 14 - Monitoring, Projections and Prevention of Environmental Protection** - The adjusted plan was 1.3 million GEL and the execution was 2.9 million GEL, reflecting the target grants received during the year as part of the execution.

As for the program execution lag in relation to the adjusted plans, the diagram below shows the number of programs (72 programs in total) by the percentage difference between the execution and the adjusted plan, whose 2019 budget execution lags behind the adjusted plan.

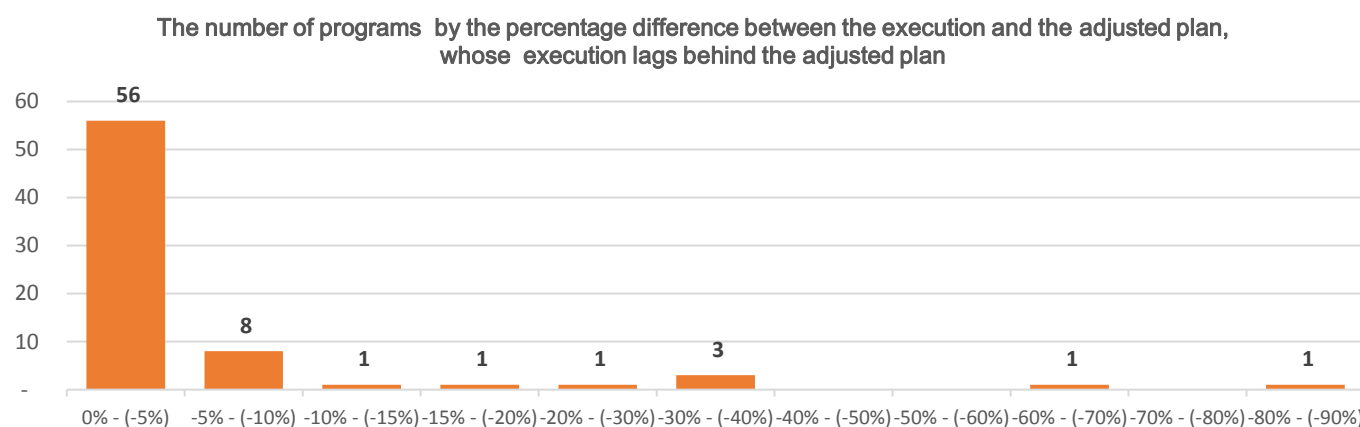


Diagram 50: The number of programs by the percentage difference between the execution and the adjusted plan, whose execution lags behind the adjusted plan (units).

As in the above mentioned case, there have been no sharp deviations in most cases of program execution lagging, although there are a few exceptions. these are:

- **01 04 - Strengthening Analytical and Research Affairs of Parliament of Georgia** - The adjusted plan amounted to 250.0 thousand GEL, while the execution amounted to 40.3 thousand GEL (lag of 83.9%);
- **29 10 - Capacity Building of Defence Forces of Georgia (SG)** - The adjusted plan amounted to 23.2 million GEL, while the execution amounted to 8.2 million GEL (lag of 64.6%).

As for the requirements³² of the Budget Code of Georgia on the difference between the adjusted plans and the executions, in the case of 17 programs (2 new programs, 8 overruns and 7 lags) this discrepancy exceeded 15%.

Code	Title	2019 adjusted plan	2019 actual	2019 actual / 2019 adjusted plans	
				distinction	% - alternation
Programs whose funding was not provided in the adjusted budget and the cash expenditure reflects the actual performance					
24 26	Development of Skiing Infrastructure in Upper Svaneti (Government of France)	0.0	1.3	1.3	
32 18	Innovation, Inclusion and Quality Project - Georgia I2Q (IBRD)	0.0	0.7	0.7	
Programs whose execution exceeds the adjusted plan by more than 15%					
24 13	Vardnili and Enguri Hydro Power Plant Rehabilitation Project (EBRD, EIB, EU)	0.5	17.3	16.8	3360.3%
31 14	Monitoring, Projections and Prevention of Environmental Protection	1.3	2.9	1.6	119.3%

³² Budget Code. Article 56 "Annual Report on the Execution of the State Budget", 1. The annual report on the execution of the state budget includes at least the following information on the execution of the annual budget: E) Clarification on the inconsistencies between the approved and adjusted budget allocations according to the programs of the spending institutions, if such inconsistencies exceed 30% F) Clarification on the inconsistencies between the adjusted allocations and the performance according to the programs of the spending institutions, if such inconsistencies exceeds 15%;

26 10	Service Development and Accessibility of the State Service Development Agency	3.5	7.3	3.8	108.5%
24 14	Development of Power Transmission Grids of Systemic Importance	15.3	21.0	5.8	37.6%
24 16	Support to Professional Education in Navy and Marine Transportation	0.4	0.5	0.1	23.2%
26 05	Development of Electronic Governance	1.9	2.5	0.7	35.0%
32 08	State Assistance Events in Youth Sphere	3.0	3.8	0.8	25.6%
23 05	Improvement of Staff Qualifications in the Financial Sector	1.0	1.2	0.2	19.5%
Programs whose execution lags the adjusted plan by more than 15%					
32 16	LEPL - Youth Center	2.4	2.0	-0.4	-15.3%
24 06	State Property Management	37.5	28.7	-8.8	-23.4%
26 08	Development of Land Market in Georgia (WB)	2.1	1.4	-0.7	-33.2%
31 06	Measures to support agricultural cooperatives	3.2	2.1	-1.1	-34.0%
24 17	Land Parcel Buy Out Currently Kept in Private Ownership along Marabda-Akhalkalaki-Kartsakhi for the Construction of Baku-Tbilisi-Kars Railway	0.4	0.2	-0.2	-39.3%
29 10	Capacity Building of Defence Forces of Georgia (SG)	23.2	8.2	-15.0	-64.6%
01 04	Strengthening Analytical and Research Affairs of Parliament of Georgia	0.3	0.04	-0.2	-83.9%

Table 14: Programs whose difference between the adjusted plans and the executions exceed 15% (million GEL,%).

Capital Projects

In 2019, the execution of capital projects defined by the state budget amounted to 2,215.0 million GEL, which is 104% of the annual plan (2,129.7 million GEL) and 106.4% of the adjusted plan (2,082.5 million GEL). At the same time, it should be noted that in 2019, 1,058.6 million GEL of the execution of capital projects came from donor-funded sources, of which 1,028.8 million GEL comes from credits and 29.8 million GEL from grants.

In 2019, 86% of the execution of capital projects comes on the Ministry of Regional Development and Infrastructure of Georgia (1,904.5 million GEL), of which 1,279.8 million GEL went to “Measures for the Improvement of Road Infrastructure” (Program Code 25 02), and “Rehabilitation and Recovery of Water Supply Infrastructure (Program Code 25 04)” - 266.1 million GEL and “Rehabilitation of Regional and Municipal Infrastructure (program code 25 03)”- 190.3 million GEL.

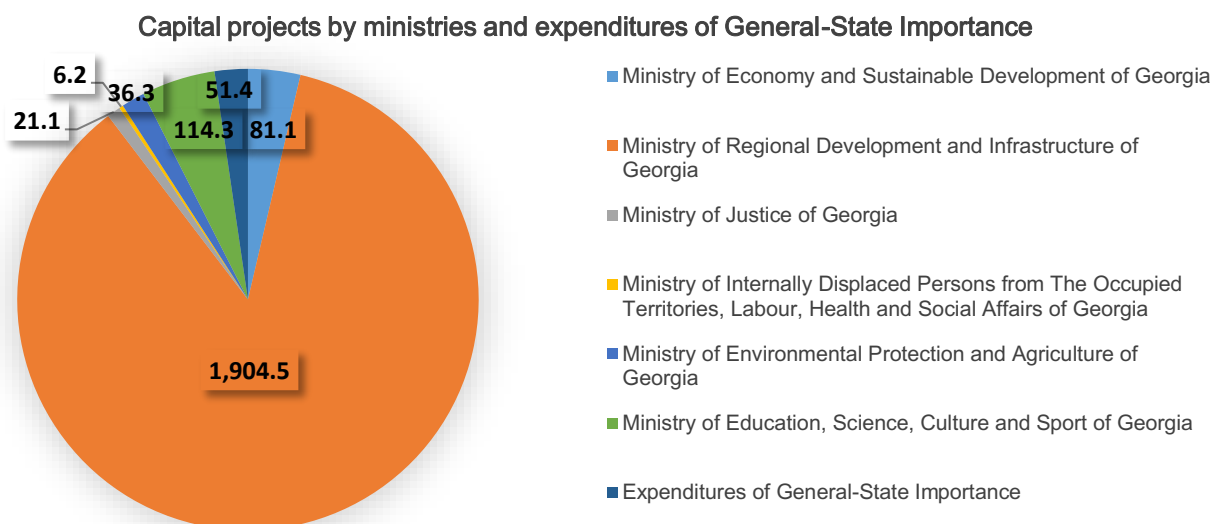
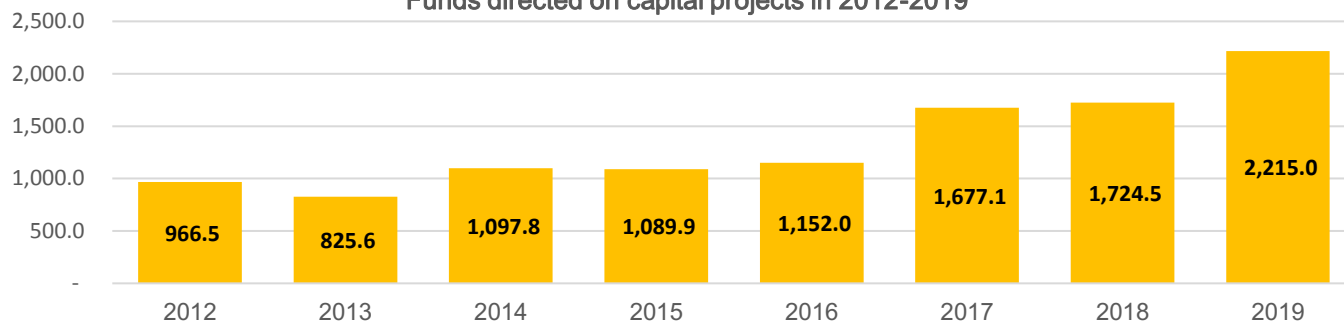


Diagram 51: Capital projects by ministries and expenditures of General-State Importance (million GEL).

At the same time, it should be noted that the capital projects were fully financed (51.4 million GEL) by donors within the framework of expenditures of General-State Importance, of which 41.9 million GEL was used to acquisition of financial assets, which means lending to domestic debtors, and 9.5 million GEL were used for capital transfers which are not classified elsewhere.

The highest rate of the execution of capital projects in 2012-2019 was recorded in 2019 and exceeded the indicator of 2018 by 490.5 million GEL (28.4%), as for the average growth rate, the average growth rate of funds directed to capital projects in 2013-2019 is 14.3%.

Funds directed on capital projects in 2012-2019



Diagrams 52: Funds directed on capital projects in 2012-2019 (million GEL).

Expenditures of General State Importance

According to the State Budget Law 2019, the approved total amount of **expenditures of general state importance** was set at the level of 2,437.5 million GEL, the most extensive of which are: "External debt service and repayments (program code - 54 01)" - 1,273.0 million GEL; "Regional Development Fund of Georgia (program code - 54 07)" - 410.0 million GEL; "Domestic debt service and repayments (Program Code - 54 02)" - 318.0 million GEL; "Transfers to Autonomous Republics and Local Self-Government Units (Program Code - 54 04)" - 180.6 million GEL and " Co-financing Cumulative Pension Schemes (Program Code - 54 11)" - 110.0 million GEL.

The adjusted plan for "**External debt service and repayments**" by the end of 2019 amounted to 1,249.4 million GEL, and the execution - 1,240.8 million GEL, which is 99.3% of the adjusted plan. 917.0 million GEL was addressed to the coverage of external state debt from indicated execution, whereas 323.8 million GEL was addressed to the coverage of the service (interest).

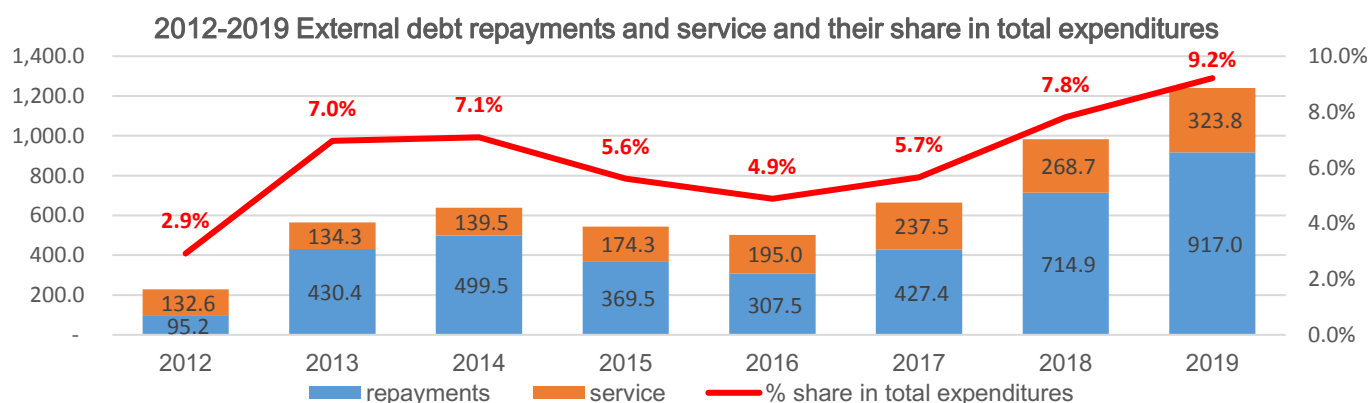


Diagram 53: 2012-2019 External debt repayments and service and their share in total expenditures (million GEL, %)

The adjusted plan for "**Domestic debt service and repayments**" by the end of 2019 amounted to 324.0 million GEL, and the execution - 320.6 million GEL, which is 99.0% of the adjusted plan GEL. 40.0 million GEL was addressed to the coverage of domestic state debt, whereas 280.6 million GEL – was addressed to the coverage of service (interest).

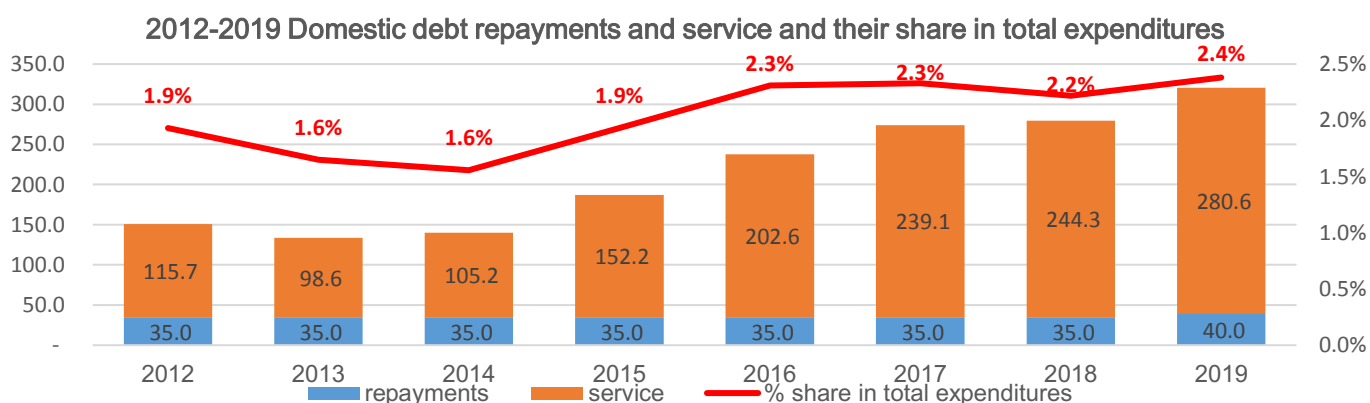


Diagram 54: 2012-2019 Domestic debt repayments and service and their share in total expenditures (million GEL, %)

By the end of 2019, the execution of the "Regional Development Fund of Georgia" amounted to 412.3 million GEL. Based on the relevant legal acts, the assignments from the above-mentioned fund were distributed to the following programs/sub-programs: "Transfers to local self-government units (program code - 54 04 02)" - assimilation under the sub-program amounted to 387.2 million GEL; "Construction of road and tunnel on Kvesheti-Kobi section of Mtskheta-Stepantsminda-Larsi road (ADB, EBRD) (program code 25 02 03 12)" - 12.0 million GEL; "Periodic repair and rehabilitation of roads (program code 25 02 02 01)" - 8.0 million GEL; "Development of Accessibility and Services Offered by the Public Service Hall (program code 26 07)" - 3.4 million GEL; "Service Development and Accessibility of the State Service Development Agency (program code 26 10)" - 1.7 million GEL; The diagram below represents the information on 2012-2019 approved plan and execution of the "Regional Development Fund of Georgia":

Target of execution of the Regional Development Fund of Georgia 2019

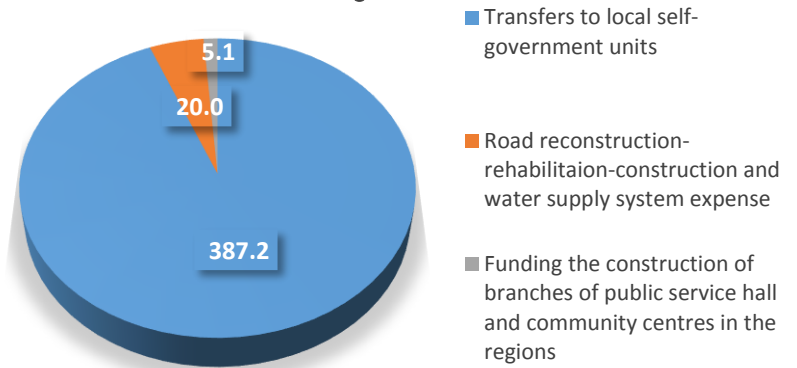


Diagram 55: Target of execution of the Regional Development Fund of Georgia 2019 (million gel)

"Development of Accessibility and Services Offered by the Public Service Hall (program code 26 07)" - 3.4 million GEL; "Service Development and Accessibility of the State Service Development Agency (program code 26 10)" - 1.7 million GEL; The diagram below represents the information on 2012-2019 approved plan and execution of the "Regional Development Fund of Georgia":

Approved amounts and execution of the Regional Development Fund of Georgia in 2012-2019

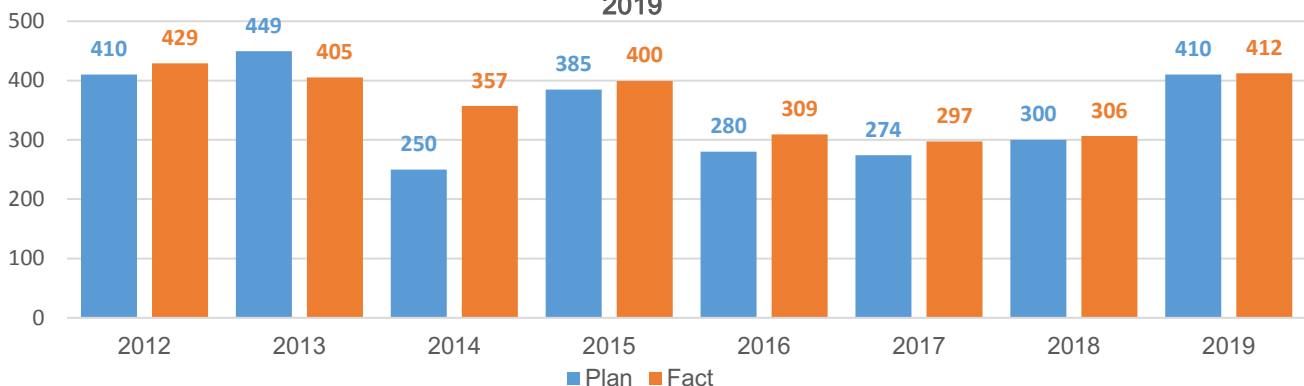


Diagram 56: Approved amounts and execution of the Regional Development Fund of Georgia in 2012-2019 (million GEL).

The adjusted plan of "transfers to the Autonomous Republics and local self-government units" amounted to 597.0 million GEL, while the execution amounted to 594.0 million GEL, which is 99.5% of the adjusted plan. 371.2 million GEL is capital transfers, 207.5 million GEL - special transfers, 11.8 million GEL - targeted transfers. As for the remaining 3.5 million GEL, according to Decree №193 of the Government of Georgia on February 8, 2019, Zugdidi Municipality was allocated 3.5 million GEL as a loan to purchase buses, which was fully used in 2019.

In 2019 the adjusted plan of "co-financing cumulative pension schemes" did not differ from the approved plan (110.0 million GEL) and the implementation amounted to 110.0 million GEL.

In the analysis of expenditures of general state importance, the execution indicators of the "Government Reserve Fund of Georgia" and the "Mountainous Community Development Fund" for 2019 are interesting.

The approved amount of the "Government Reserve Fund of Georgia" was set at 50.0 million GEL and, as in case of "Regional Development Fund of Georgia", was allocated to various programs in 2019 based on the relevant legal acts. By the end of 2019, the execution of the "Government Reserve Fund of Georgia" amounted to 54.6 million GEL, where the main execution were done in frames of the following programs: "Development of Public Policy to Support the Law Making and Legal Protection of the Best Interests of Georgia, Including the Implementation of Criminal Law System (program code 26 01)"- 16.7 million GEL; "Development and Implementation of Economic Policy (program code 24 01)" - 6.6 million GEL; "Maintenance of Public Facilities (program code 40 02)" - 5.7 million GEL; "Measures for Holding Elections (program code 06 04)" - 4.4 million GEL; "Foreign Policy Implementation (program code 28 01)"- 4.4 million GEL;

“Government Administration of Georgia (program code 04 01)”- 3.9 million GEL; “Public Order and Development of International Cooperation (program code 30 01) - 3.3 million GEL; “Development of Viticulture and Wine-Making (program code 31 03)” - 3.2 million GEL.

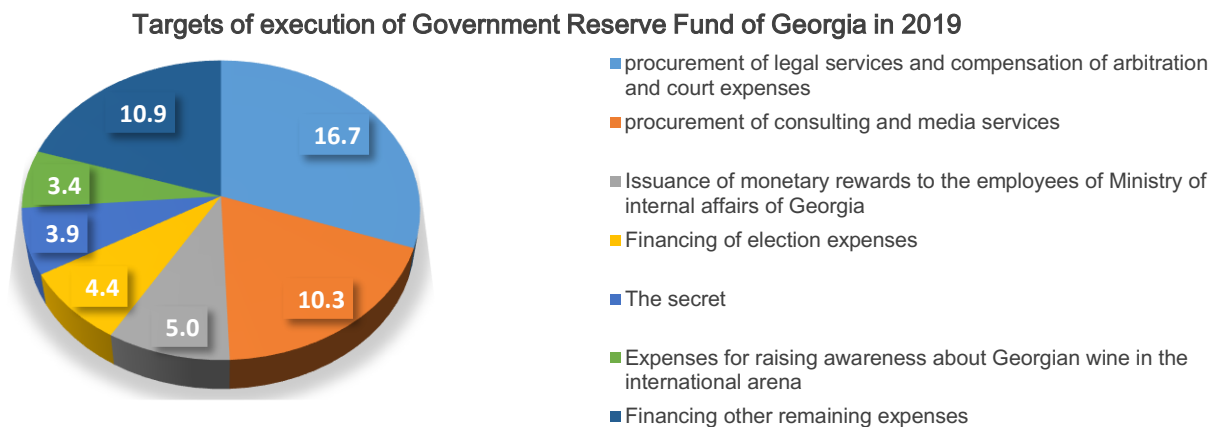


Diagram 57: Targets of execution of Government Reserve Fund of Georgia in 2019 (million GEL).

In 2019, the execution of the “Government Reserve Fund of Georgia” (54.6 million GEL) is the lowest figure among the indicators of the Fund for 2012-2019 and lags behind the average annual execution (97.1 million GEL) by 42.5 million GEL. As for the highest rate in 2012-2019, the execution of the above-mentioned fund was the highest in 2016 (172.9 million GEL). The diagram below presents information on the approved amounts and execution of the “Government Reserve Fund of Georgia” in 2012-2019:

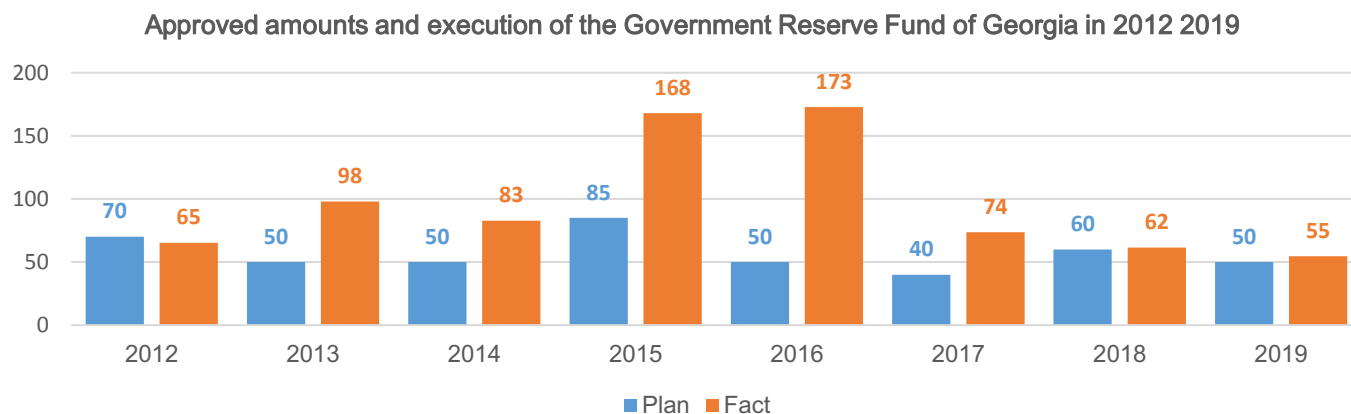


Diagram 58: Approved amounts and execution of the Government Reserve Fund of Georgia in 2012-2019 (million GEL)

As for the " **Mountainous Community Development Fund**", the approved amount of the fund was set at 20.0 million GEL, and by the end of 2019 the execution amounted to 18.3 million GEL, where the main execution were done in frames of the following programs/subprograms: "Transfers to local self-government units (program code - 54 04 02) "- 11.7 million GEL and “Rehabilitation of Regional and Municipal Infrastructure (program code 25 03)”- 3.0 million GEL. The diagram below shows the purpose of execution of “Mountainous Community Development Fund”:

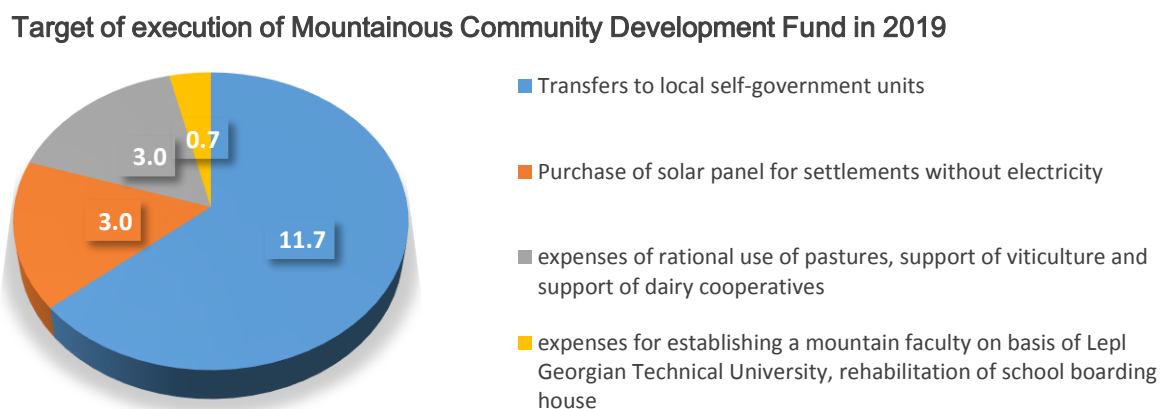


Diagram 59: Target of execution of Mountainous Community Development Fund in 2019 (million GEL).

State Budget Net Change in the Stock of Cash, Gross Operating Balance and Net Lending/Net Borrowing Balance

Net Change in the Stock of Cash

At the beginning of 2019, the amount of the adjusted state budget balance amounted to 661.2 million GEL. At the end of the year, considering the net application in the stock of cash, state budget balance amounted to 443.7 million GEL, including with the largest share of free balance (443 million GEL). During the reporting period, Net application in the Stock of Cash amounted to 217.5 million GEL. In particular:

- According to the 2019 initial state budget law, total revenues were set at 12,863.8 million GEL, while total expenditures were set at 13,090.0 million GEL. Relatively, net application in the stock of cash was defined with the amount of 226.3 million GEL. Amendments to the budget law in October increased the projected total revenue to 12,956.5 million GEL and the total expenditures plan to 13,313.1 million GEL, and the net application in the stock of cash indicator to - 356.6 million GEL.
- There was a high rate of mobilization of total revenue during the year, although total expenditures were also characterized by a high rate of utilization of funds throughout the year (especially starting from the 2nd quarter). As a result, at the end of the year, net application in the stock of cash took off with the amount of 217.5 million GEL, less by 139.1 million GEL, instead of the planned 356.6 million GEL.

The diagram below shows State Budget net change in the stock of cash in 2012-2019:

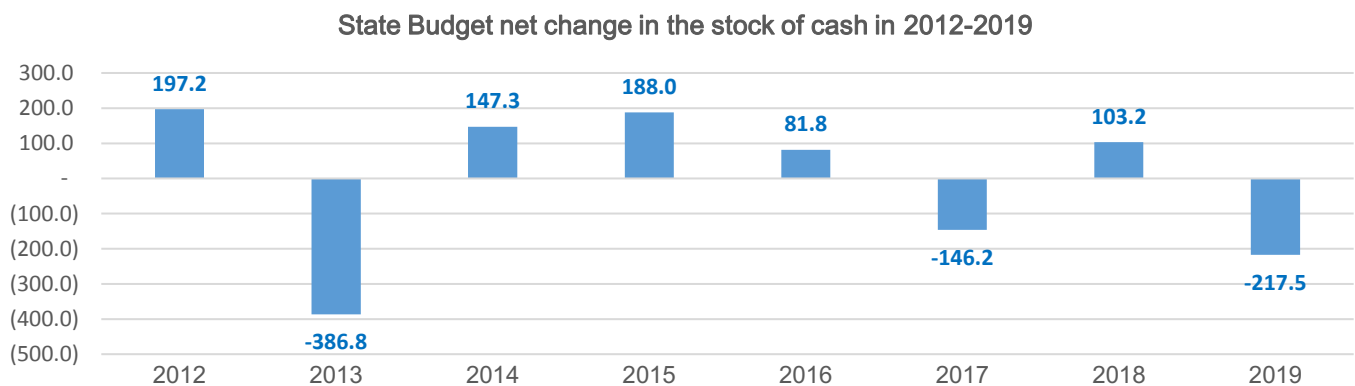


Diagram 60: State Budget net change in the stock of cash in 2012-2019 (million GEL).

Gross Operating Balance and Net Lending/Net Borrowing Balance

As for the **gross operating and Net Lending/Net Borrowing Balance**, the gross operating balance of the state budget 2019 amounted to 699.5 million GEL, and the **net lending/Net borrowing** balance - -1,463.4 million GEL. The highest deficit of the state budget in 2012-2019 (negative indicator of net lending/Net borrowing balance) is fixed in 2019 - in nominal expression, what is connected with, increase of execution of acquisitions of nonfinancial assets and from increases of expenditure incurred by expenses, compared to previous years.

The diagram below represents State Budget Gross operating balance and net lending/Net borrowing balance in 2012-2019

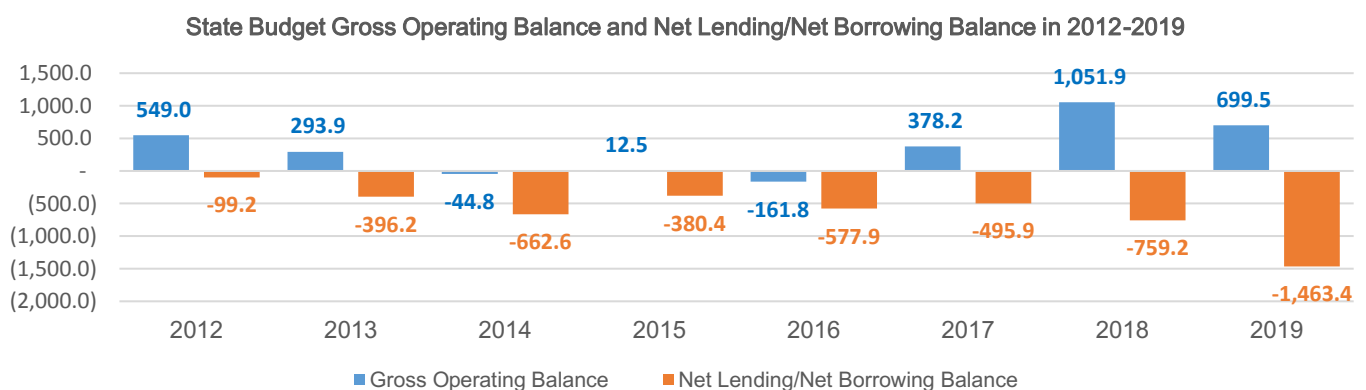


Diagram 61: State Budget Gross Operating Balance and Net Lending/Net Borrowing Balance in 2012-2019 (million GEL).

Annexes

Annex 1: Review of Central Budget³³ Execution

In 2019, the state budget total revenues amounted to 13,252.2 million GEL, while total expenditures - 13,469.7 million GEL. The revenues of the central budget LEPLs/NNLEs within the limits of their own permitted total revenues³⁴ amounted to 1,228.7 million GEL, and total expenditures - 1,179.6 million GEL.

At the same time, the own permitted revenues by the legislation of Central Budget LEPLs/NNLEs reflect the current grant of 84.3 million GEL transferred from the state budget to the budgets of Central Budget LEPLs/NNLEs in 2019 and capital grant in amount of 22.9 million GEL. State budget total revenues include 69.4 million GEL transferred by LEPLs to the state budget in accordance with Article 35³⁵ of the law of Georgia “State Budget law of Georgia 2019”.

Taking into account the funds transferred from the state budget to the budget of LEPLs/NNLEs and the funds transferred to the state budget by LEPLs (total 176.6 million GEL), **the total revenues of the central budget of Georgia for 2019 amounted to 14,304.3 million GEL, total expenditures - 14,472.7 million GEL and net application in the stock of cash was - 168.4 million GEL.**

	2019 Central budget ³⁶	State Budget	Permitted revenues of LEPLs/ NNLEs
Total revenues	14,304.3	13,252.2	1,228.7
Revenues	11,689.7	10,675.0	1,191.3
Disposals of nonfinancial assets	93.3	93.2	0.03
Disposals of financial assets	179.8	148.5	31.3
Incurrence of liabilities	2,341.4	2,335.4	6.1
Total expenditure	14,472.7	13,469.7	1,179.6
Expenses	10,837.9	9,975.5	1,039.0
Acquisitions of nonfinancial assets	2,354.3	2,256.1	98.2
Acquisitions of financial assets	319.4	278.9	40.5
Reductions of liabilities	961.1	959.2	1.9
Net Change in the Stock of Cash	-168.4	-217.5	49.0

Table 15: Execution of 2019 central budget (million GEL).

As for **Gross Operating Balance and Net Lending/Net Borrowing Balance** of central budget, in 2019 the **Gross operating balance was defined with 851.8 million GEL and net lending/Net borrowing balance with - -1,409.2 million GEL.**

The table below presents the central budget balance for 2018-2019.

Title	2018 Central budget	2019 Central budget	2019 year / 2018 year	
			distinction	% - alternation
Revenues	11,570.5	11,689.7	119.2	1.0%
Taxes	9,696.0	9,665.6	-30.4	-0.3%
Grants	353.5	430.0	76.5	21.6%
Other revenues	1,521.1	1,594.2	73.1	4.8%
Expenses	10,432.7	10,837.9	405.2	3.9%
Compensation of Employees	1,778.3	1,857.1	78.7	4.4%
Use of Goods and services	1,640.7	1,718.7	77.9	4.8%
interest	516.7	607.0	90.4	17.5%
Subsidies	422.6	496.1	73.6	17.4%
Grants	1,332.3	691.8	-640.5	-48.1%

³³ Central Budget - state budget and legal entities of public law (created/established by the relevant law, a decree of the Government of Georgia or an administrative act of a state governing body on the basis of law, or a legal entity of public law established by this legal entity of public law) and non- entrepreneurial legal entities. (Created/established by a central government body of Georgia and/or a legal entity established by it in accordance with the rules established by the legislation of Georgia) Consolidated budget of budgets, which is not subject to approval by a representative body of the government.

³⁴ Funds transferred between LEPLs/NNLEs within the central budget are consolidated in the presented data.

³⁵ The legal entity of public law provided for in paragraph 4 of Article 12 of the Law of Georgia on Legal Entities of Public Law shall apply to at least 10% of the (own) revenues mobilized by it in 2019, permitted by the legislation of Georgia, to the state budget of Georgia.

³⁶ In the central budget column of 2019, both the total revenues and total expenditures are consolidated from the state budget to the budget of LEPLs/NNLEs and the funds transferred by the central budget LEPLs to the state budget in the total amount of 176.6 million GEL.

Social benefits	3,514.5	3,960.3	445.8	12.7%
Other expenses	1,227.6	1,506.9	279.3	22.8%
Gross operating balance	1,137.8	851.8	-286.0	-25.1%
Gross investment in nonfinancial assets	1,881.6	2,261.1	379.5	20.2%
Acquisitions	1,982.6	2,354.3	371.7	18.7%
Disposals	101.0	93.3	-7.7	-7.7%
Net Lending/Net Borrowing balance	-743.8	-1,409.2	-665.5	89.5%
Net acquisition of financial assets	382.8	-28.9	-411.7	-107.5%
Acquisitions	512.4	368.4	-143.9	-28.1%
Disposals	129.6	397.3	267.7	206.6%
Net incurrence of liabilities	1,126.6	1,380.4	253.8	22.5%
Incurrence	1,879.8	2,341.4	461.7	24.6%
Domestic	424.5	954.8	530.4	125.0%
External	1,455.3	1,386.6	-68.7	-4.7%
Reductions	753.2	961.1	207.9	27.6%
Domestic	35.1	44.1	9.0	25.7%
External	718.1	917.0	198.9	27.7%
Balance	0.0	0.0		

Table 16: Balance of state budget 2018-2019 (million GEL, %).

Total Revenues of the Central Budget

Consolidated total revenues of the Central Budget of Georgia in 2019 amounted to **14,304.3 million GEL**, including total Revenues of the state budget, except for the grant enrolled by the central budget LEPLs (69.4 million GEL), amounted to 13,182.8 million GEL, and revenues received within the framework of the revenues permitted by the legislation of the central budget LEPLs/NNLEs, except for grants received from the state budget (107.2 million GEL), amounted to 1,121.4 million GEL.

Consolidated total revenues of the Central Budget of Georgia for 2019 exceed the same indicator for 2018 (13,680.9 million GEL) by **623.4 million GEL (4.6%)**. The main increase is in the state budget total revenues in the amount of 554.0 million GEL, while the increase in permitted revenues received under the legislation by the central budget LEPLs/Non-entrepreneurial (non-commercial) legal entities is 69.3 million GEL.

	2018 central budget	2019 central budget	2019 year / 2018 year	
			distinction	% - alternation
Total revenues	13,680.9	14,304.3	623.4	4.6%
revenues	11,570.5	11,689.7	119.2	1.0%
Disposals of nonfinancial assets	101.0	93.3	-7.7	-7.7%
Disposals of financial assets	129.6	179.8	50.3	38.8%
Incurrence of liabilities	1,879.8	2,341.4	461.7	24.6%

Table 17: Total revenues of central budget (million GEL, %).

Although in 2019, compared to the previous year, central budget total revenues is increased by 4.6%, the percentage distribution of total revenues between the state budget and LEPLs / NNLEs remained almost unchanged. In particular, in 2019, 92.2% of the central budget total revenues came from the state budget total revenues, and 7.8% - from the total revenues received under the total revenues permitted by the legislation of the central budget LEPLs/NNLEs. This redistribution for 2018 was 92.3% and 7.7%, respectively.

As for the central budget total revenues for 2019 by components, the performance of the component with the largest share was revenues (81.7% of total revenues), which amounted to 11,689.7 million GEL, which exceeds the 2018 indicator by 119.2 million GEL (by 1%), the disposals of nonfinancial assets in 2019 is lower than the previous year by 7.7 million GEL and amounts to 93.3 million GEL. Compared to 2018, in 2019, there is a sharp increase in total revenues received under disposals of financial assets and incurrence of liabilities. In particular, the disposals of financial assets increased by 50.3 million GEL (38.8%) compared to the previous year and amounted to 179.8 million GEL. While indicator of incurrence of liabilities is 2,341.4 million GEL, which is higher than the indicator of 2018 by 461.7 million GEL (24.6%), this increase is fully comes on incurrence of domestic liabilities.

As a detailed analysis of the state budget total revenues is presented in the relevant chapters of the document, it is interesting to review the total revenues received under the central budget LEPLs/NNLEs within the revenues permitted under the legislation.

In 2019, **the permitted by legislation revenues received from LEPLs/ NNLEs amounted to 1,228.7 million GEL**, of which 107.2 million GEL was received from the state budget as a grant. The 2019 indicator is higher than the 2018 indicator (1,096.4 million GEL) by 132.3 million GEL (by 12.1%), although it should be noted that in 2018, the revenue received from the state budget as a grant was 44.2 million GEL (63.0 million GEL less than in 2019). Accordingly, except of the revenue received as a grant from the state budget, the increase for 2019 is 69.3 million GEL (6.6%).

	2018 total revenues of LEPLs/ NNLEs	2019 total revenues of LEPLs/ NNLEs	2018 Annual total revenues without state budget grants	2019 Annual total revenues without state budget grants	distinction (2019 year / 2018 year)	
					Including grants	Excluding grants
Total revenues	1,096.4	1,228.7	1,052.1	1,121.4	132.3	69.3
revenues	1,083.8	1,191.3	1,039.5	1,084.1	107.5	44.5
Taxes	-	-	-	-	-	-
Grants	57.9	116.5	13.7	9.3	58.6	(4.4)
Other revenues	1,025.9	1,074.8	1,025.9	1,074.8	48.9	48.9
Disposals of nonfinancial assets	-	0.03	-	0.0	0.0	0.0
Disposals of financial assets (Except of net application in the stock of cash)	10.4	31.3	10.4	31.3	20.9	20.9
Incurrence of liabilities	2.1	6.1	2.1	6.1	3.9	3.9
Domestic	2.1	6.1	2.1	6.1	3.9	3.9
External	-	-	-	-	-	-

Table 18: Permitted by legislation total revenues received from LEPLs/NNLEs 2018-2019 (million GEL).

As shown in the table, a large share of the total revenues received in 2019 (97% of total revenues) comes from **revenues**. Revenues in the amount of 1,191.3 million GEL were received in 2019, of which 116.5 million GEL represent revenues received in the form of grants (including grants from the state budget - 107.2 million GEL), and 1,074.8 million GEL - other revenues. Revenues received in 2019 are 9.9% higher than the similar indicator in 2018 (1,083.8 million GEL), and if we exclude grants from the state budget from the indicators of 2018 and 2019, this increase will be 44.5 million GEL (4.3%). The increase in revenues in 2019 mainly comes from the increase in other revenue - in the amount of 48.9 million GEL. As for the grants, if we exclude the grants received from the state budget from the indicators of 2018 and 2019, the income received under this article in 2019 decreased by 4.4 million GEL.

In 2019, the total revenues received under the **disposals of nonfinancial assets** was 26.6 thousand GEL. In 2018, this article did not receive any total revenues within the permitted by the legislation revenues of the Central Budget LEPLs/NNLEs.

Under the **disposals of financial assets**, in 2019, 31.3 million GEL was mobilized, which exceeds similar indicator in 2018 by 20.9 million GEL .

As for the fourth component of total revenues, **the incurrence of liabilities**, in 2019 the incurrence of liabilities within the revenues permitted by the legislation of central budget LEPLs/NNLEs amounted to 6.1 million GEL, which is increased by 3.9 million GEL compared to the previous year. However, it should be noted that in 2018-2019, the incurrence of liabilities occurred only from domestic sources.

Total Expenditures of the Central Budget

Consolidated total expenditures of the Central Budget of Georgia for 2019 amounted to **14,472.7 million GEL**, including state budget expenditures, except for the grant enrolled for central budget LEPLs/NNLEs (107.2 million GEL), amounting to 13,362.5 million GEL, and the central budget total expenditures made within the framework of revenues permitted by the legislation of LEPLs/NNLEs, except for grants transferred to the state budget on the basis of Article 35 of the Law of Georgia "State Budget law of Georgia 2019" (69.4 million GEL), amounted to 1,110.3 million GEL.

Consolidated total expenditures of the Central Budget of Georgia for 2019 exceed the same indicator of 2018 (13,570.6 million GEL) by **902.2 million GEL (by 6.6%)**. The main increase is in the amount of 816.5 million

GEL on state budget total expenditures, while the increase of total expenditures within the revenues permitted by the legislation of central budget LEPLs/NNLEs is 85.6 million GEL.

	2018 central budget	2019 central budget	2019 year / year 2018	
			distinction	%-alteration
Total expenditures	13,570.6	14,472.7	902.2	6.6%
Expenses	10,432.7	10,837.9	405.2	3.9%
Acquisitions of nonfinancial assets	1,982.6	2,354.3	371.7	18.7%
Acquisitions of financial assets	402.0	319.4	-82.6	-20.6%
Reductions of liabilities	753.2	961.1	207.9	27.6%

Table19: Total expenditures of central budget 2018-2019 (million GEL, %).

Although in 2019 compared to previous years, the total expenditures of central budget have increased by 6.6%, as in case of total revenues, the percentage distribution between total expenditures of state budget and LEPLs/NNLEs has stayed nearly unchanged. In particular, 92.3% of total expenditures of central budget come on state budget total expenditures and 7.7% comes on payments made within framework of permitted by legislation revenues of LEPLs/ NNLEs. This redistribution for 2018 was 92.4% and 7.6%, respectively.

As for the total expenditures of 2019 central budget according to components, the largest share of total expenditures (74.9%) comes on expenses, execution amounted to 10,837.9 million GEL, which is 405.2 million GEL (3.9%) higher than in 2018, while the acquisitions of nonfinancial assets in 2019 was characterized by sharp growth (371.7 million GEL) compared to the previous year and amounted to 2,354.3 million GEL. Compared to 2018, the funds aimed to reductions of liabilities also grew sharply and amounted to 961.1 million GEL by 2019, which is 207.9 million GEL (27.6%) higher than the previous year. Compared to 2018, in 2019, the execution of acquisitions of financial assets is significantly reduced, in 2018 the performance of this article amounted to 402.0 million GEL, while for 2019 it amounted less by 82.6 million GEL (by 20.6%).

As a detailed analysis of the state budget total expenditures is presented in the relevant chapters of the document, it is interesting to review the total expenditures made under the central budget LEPLs/NNLEs within the revenues permitted under the legislation of the Central Budget LEPLs/NNLEs.

In 2019 total expenditures of LEPLs/NNLEs within the framework of permitted revenues by legislation amounted to **1,179.6 million GEL**, from where 69.4 million GEL were trasfered to state budget. The 2019 indicator is 90.3 million GEL (by 8.3%) higher than the 2018 indicator (1,089.3 million GEL). It should be noted that in 2018, 64.6 million GEL was allocated to the state budget (4.7 million GEL less than in 2019), therefore, except of the funds directed to the state budget, the increase for 2019 is 85.6 million GEL.

	2018 total expenditures of LEPLs/ NNLEs	2019 total expenditures of LEPLs/ NNLEs	2018 Annual total expenditures without state budget grants	2019 Annual total expenditures without state budget grants	distinction (2019 year / year 2018)	
					Including grants	Including grants
Total expenditures	1,089.3	1,179.6	1,024.7	1,110.3	90.3	85.6
Expenses	973.8	1,039.0	909.2	969.6	65.1	60.4
Compensation of Employees	370.7	402.3	370.7	402.3	31.6	31.6
Use of Goods and services	352.5	416.8	352.5	416.8	64.3	64.3
Interest	3.6	2.5	3.6	2.5	-1.1	-1.1
Subsidies	3.1	6.4	3.1	6.4	3.3	3.3
Grants	85.2	70.1	20.6	0.7	-15.1	-19.9
Social benefits	13.1	13.7	13.1	13.7	0.5	0.5
Other expenses	145.6	127.2	145.6	127.2	-18.4	-18.4
Acquisitions of nonfinancial assets	94.5	98.2	94.5	98.2	3.7	3.7
Acquisitions of financial assets	20.9	40.5	20.9	40.5	19.6	19.6
Reductions of liabilities	-	1.9	-	1.9	1.9	1.9
Domestic	-	1.9	-	1.9	1.9	1.9
External	-	-	-	-	-	-

Table 20: total expenditures within the framework of revenues permitted under the legislation of the Central Budget LEPLs/NNLEs 2018-2019 (million GEL).

In 2019, a large share (88.1%) of the total expenditures made under the permissible revenues under the legislation of LEPLs/NNLEs come on **expenses**, while the acquisitions of nonfinancial assets comes on 8.3% of total expenditures. As for the state budget, 74.1% of 2019 total expenditures come on expenses and 16.7% on acquisitions of nonfinancial assets.

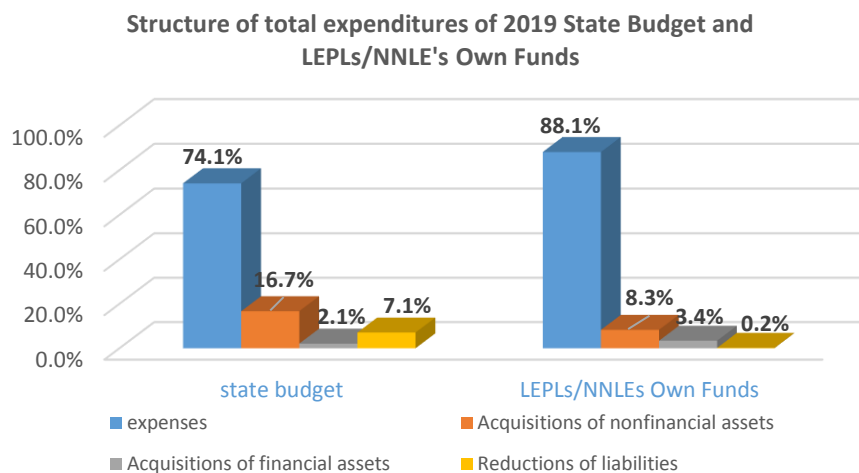


Diagram 62: Structure of total expenditures of 2019 State Budget and LEPLs/NNLE's Own Funds (%)

In 2019, expenses within the revenues permitted by the legislation of central budget LEPLs/NNLEs amounted to 1,039.0 million GEL, which is 65.1 million GEL more than the previous year. The main increase is in the articles of " Use of Goods and Services" and " Compensation of Employees", amounting to 64.3 million GEL and 31.6 million GEL, respectively, while the small increase is in the expenses on "Subsidies" and "Social benefits", amounting to 3.3 million GEL and 0.5 million GEL, respectively. Compared to 2018, in 2019, expenses on "Other Expenses", "Grants" and "Interest" articles decreased by 18.4 million GEL, 15.1 million GEL and 1.1 million GEL, respectively. As for the structure of expenses in 2019 within the revenues permitted by the legislation of LEPLs/NNLEs, the main share is distributed to the articles " Compensation of Employees" and " Use of Goods and Services", respectively 38.7% and 40.1%. In 2018, there was a similar distribution of expenses on these items, amounting to 38.1% and 36.2%, respectively.

In 2019, total expenditures under the **acquisitions of nonfinancial assets** amounted to 98.2 million GEL, which is 3.7 million GEL more than in 2018. The total expenditures made under this article in 2019 mainly comes on the following programs/sub-programs: "promotion of institutions of higher education (program code 32 04 06)" - 26.4 million GEL; "Service Development and Accessibility of the LEPL - National Agency of Public Registry (program code 26 11)" - 16.3 million GEL; "Service Development and Accessibility of the State Service Development Agency (program code 26 10)" - 9.6 million GEL; "Maintenance of effective service and accessibility to all the interested parties of LEPL – Ministry of Internal Affairs of Georgia's service agency (program code 30 07)" - 7.6 million GEL; "LEPL – Public Broadcaster (program code 42 00)" - 6.8 million GEL; "Promoting the Development of Vocational Education (program code 32 03 01)" - 4.9 million GEL; "Development of Accessibility and Services Offered by the Public Service Hall (program code 26 07)" - 4.6 million GEL.

The execution of the **acquisitions of financial assets** in 2019 amounted to 40.5 million GEL, which is 19.6 million GEL more than the same indicator in 2018. 2019 performance fully comes on the program - Rehabilitation of regional and municipal infrastructure (program code - 25 03).

As for the fourth component, **reductions of liabilities**, in 2019 the indicator of the reductions of liabilities within the framework of the revenues permitted by legislation for the central budget LEPLs/NNLEs amounted to 1.9 million GEL, and as in case of acquisitions of financial assets it fully comes on the program - Rehabilitation of regional and municipal infrastructure (program code - 25 03). However, it should be noted that in 2018, no payments were made under the reductions of liabilities clause.

When analyzing the total expenditures made within the revenues permitted by the legislation of the central budget LEPLs/ NNLEs, it is interesting to review the program classification of the central budget within the mentioned source of funding. Execution of total expenditures of 27 spending institutions in 2019 includes revenues permitted by the legislation of Central Budget LEPLs/ NNLEs, 4 of those spending institutions did not have funding from the state budget and conducted total expenditures only within the revenues permitted by the legislation. These are:

- LEPL - Deposit Insurance Agency (program Code - 56 00) – 0.9 million GEL;

- LEPL - Insurance State Supervision Service of Georgia (program code - 57 00) - 3.8 million GEL;
- LEPL - National Intellectual Property Center of Georgian - "Sakpatenti" (program code - 59 00) - 8.6 million GEL;
- LEPL - State Procurement Agency (program code - 61 00) - 6.3 million GEL.

Regarding the distribution of total expenditures within the revenues permitted by the legislation of LEPLs/NNLEs according to the central budget spending institutions, it should be noted that according to the note in Chapter 7 of the Annual Report on the Execution of the State Budget of Georgia 2019 submitted by the Government of Georgia Funds transferred between LEPLs/NNLEs within the central budget are consolidated in the column "Revenues permitted by LEPL/NNLEs legislation". The information in this report is consolidated at the level of aggregate indicators, while it is not consolidated at the level of spending agencies and programs. Funds transferred between LEPLs/NNLEs for 2019 amount to 27.7 million GEL, which comes entirely from the expenses incurred under the "Grants" article. Taking into account all the above, the total data of total expenditures made within the revenues allowed by the legislation of LEPLs/ NNLEs according to the spending institutions is 27.7 million GEL more than the total consolidated indicator.

The diagram below shows the total expenditures made under the permitted by legislation revenues of LEPLs/NNLEs according to spending institutions.

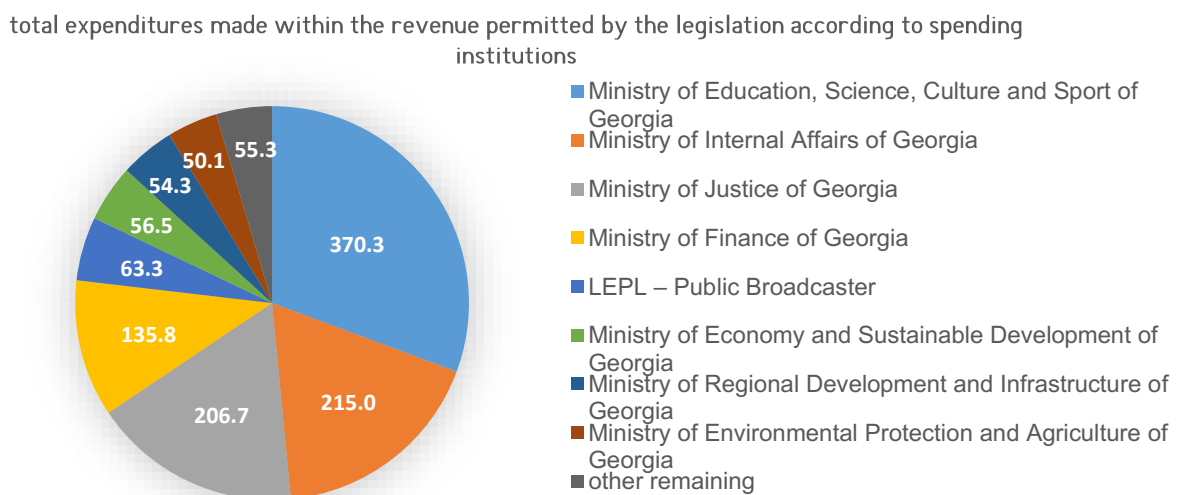


Diagram 63: total expenditures made within the revenue permitted by the legislation according to spending institutions in 2019 (million GEL).

According to the diagram, 76.8% (927.8 million GEL) of the total expenditures within the revenues permitted by the legislation of LEPLs/NNLEs come from the total expenditures made by 4 ministries, namely: Ministry of Education, Science, Culture and Sports of Georgia - 370.3 million GEL; Ministry of Internal Affairs of Georgia - 215.0 million GEL; Ministry of Justice of Georgia - 206.7 million GEL; Ministry of Finance of Georgia - 135.8 million GEL. In 2018, this redistribution is unchanged and 80.6% of the total expenditures within the revenues permitted by the legislation of LEPLs/NNLEs come from the above-mentioned ministries.³⁷

As for the programs to which the revenues permitted by the legislation of LEPLs/NNLEs in 2019 were allocated, according to the program classification of the central budget, there are 73 such programs, of which 15 programs do not have funding from the state budget. 8 from mentioned above 73 programs within the framework of permitted revenue by legislation of LEPLs/NNLEs incurred total expenditures amounted to 70.9% - 855.4 million GEL.

The table below presents information on the total expenditures made from the state budget for 2018-2019 in the above-mentioned 8 programs and within the revenues permitted by the legislation.

³⁷ In addition to the data of the Ministry of Internal Affairs and the Ministry of Finance, the data of the Ministry of Education and Science of Georgia and the Ministry of Culture and Sports of Georgia and the data of the Ministry of Justice and the Ministry of Corrections and Probation of Georgia were taken into account in total, since the unification of the mentioned ministries took place in 2018, however, the reporting was carried out separately according to the pre-unification status.

Code	Title	Directed Funds in 2018			Directed Funds in 2019			Distinction (2019 / 2018)		
		Total	State Budget	revenues permitted by the legislation	Total	State Budget	revenues permitted by the legislation	Total	State Budget	revenues permitted by the legislation
32 04	Higher Education	449.7	153.8	295.9	476.9	170.1	306.8	27.2	16.3	10.9
23 02	Revenue Collection and Improvement of Taxpayer Service Delivery	161.8	26.8	135.1	160.4	33.8	126.5	-1.5	7.1	-8.5
30 03	Improvement of Security Levels of the Natural Persons and Legal Entities (including Property), Diplomatic Missions and National Treasure	125.9	9.6	116.2	132.6	9.5	123.1	6.7	-0.1	6.9
30 07	Maintenance of effective service and accessibility to all the interested parties of LEPL – Ministry of Internal Affairs of Georgia's service agency	71.9	-	71.9	79.6	-	79.6	7.7	-	7.7
26 10	Service Development and Accessibility of the State Service Development Agency	66.3	3.6	62.7	75.7	7.3	68.4	9.4	3.7	5.7
26 11	Service Development and Accessibility of the LEPL - National Agency of Public Registry	52.6	0.4	52.2	66.8	5.0	61.7	14.1	4.7	9.5
25 03	Rehabilitation of Regional and Municipal Infrastructure	290.2	245.8	44.5	308.2	253.9	54.3	17.9	8.1	9.8
26 13	Maintenance of effective service and accessibility to all the interested parties of LEPL – National Bureau of Enforcement	39.3	-	39.3	35.0	-	35.0	-4.3	-	-4.3
Total		1,257.8	440.0	817.8	1,335.1	479.7	855.4	77.3	39.7	37.6

Table 21: total expenditures made within the framework of revenues permitted by the legislation of LEPLs/NNLEs of central budget according to main programs in 2018-2019 (million GEL).

As shown in the table, a high share of the funding for these programs comes from the revenues permitted by the legislation. In 2019, 64.1% of the total directed funds come from the revenues permitted by the legislation, and 35.9% from the state budget. The picture is similar for 2018 and the total expenditures made for these 8 programs are distributed in the amount of 65.0% and 35.0% respectively.

Annex 2: State Budget Total Revenues, Total Expenditures and Net Change in the Stock of Cash (million GEL)

Title	2018 Actual	2019 Initial Plan	2019 Annual Plan	2019 Adjusted Plan	2019 Actual	2019 Actual / 2019 Annual Plan		2019 Actual / 2019 Initial Plan		2019 Actual / 2019 Adjusted Plan		2019 Actual / 2018 Actual	
						Distinction	%	Distinction	%	Distinction	%	Distinction	%-Alteration
Total Revenues	12,693.4	12,863.8	12,956.5	12,956.5	13,252.2	295.7	102.3%	388.4	103.0%	295.7	102.3%	558.8	4.4%
Revenues	10,595.6	10,487.7	10,540.4	10,540.4	10,675.0	134.6	101.3%	187.3	101.8%	134.6	101.3%	79.4	0.7%
Taxes	9,696.0	9,645.0	9,645.0	9,645.0	9,665.6	20.6	100.2%	20.6	100.2%	20.6	100.2%	-30.4	-0.3%
Income tax	2,877.9	3,166.0	3,150.0	3,150.0	3,200.3	50.3	101.6%	34.3	101.1%	50.3	101.6%	322.4	11.2%
Profit tax	736.6	781.0	855.0	855.0	866.3	11.3	101.3%	85.3	110.9%	11.3	101.3%	129.7	17.6%
VAT	4,426.9	4,036.0	4,071.0	4,071.0	4,243.6	172.6	104.2%	207.6	105.1%	172.6	104.2%	-183.3	-4.1%
Excise tax	1,465.7	1,462.0	1,287.0	1,287.0	1,506.7	219.7	117.1%	44.7	103.1%	219.7	117.1%	40.9	2.8%
Import tax	73.4	83.0	75.0	75.0	79.1	4.1	105.4%	-3.9	95.3%	4.1	105.4%	5.7	7.7%
Other taxes	115.4	117.0	207.0	207.0	-230.3	-437.3	-111.3%	-347.3	-196.9%	-437.3	-111.3%	-345.7	-299.6%
Grants	404.0	382.7	390.4	390.4	489.6	99.2	125.4%	106.9	127.9%	99.2	125.4%	85.6	21.2%
Other Revenues	495.7	460.0	505.0	505.0	519.8	14.8	102.9%	59.8	113.0%	14.8	102.9%	24.2	4.9%
Disposals of nonfinancial assets	101.0	70.0	80.0	80.0	93.2	13.2	116.5%	23.2	133.2%	13.2	116.5%	-7.8	-7.7%
Disposals of financial assets (Except of net application in the stock of cash)	119.2	120.0	120.0	120.0	148.5	28.5	123.8%	28.5	123.8%	28.5	123.8%	29.4	24.7%
Incurrence of liabilities	1,877.6	2,186.1	2,216.1	2,216.1	2,335.4	119.3	105.4%	149.3	106.8%	119.3	105.4%	457.8	24.4%
External	1,455.3	1,686.1	1,316.1	1,316.1	1,386.6	70.5	105.4%	-299.4	82.2%	70.5	105.4%	-68.7	-4.7%
Domestic	422.3	500.0	900.0	900.0	948.8	48.8	105.4%	448.8	189.8%	48.8	105.4%	526.5	124.7%
Total Expenditure	12,590.2	13,090.0	13,313.1	13,313.1	13,469.7	156.6	101.2%	379.7	102.9%	156.6	101.2%	879.5	7.0%
Expenses	9,543.7	9,641.1	9,999.1	9,944.7	9,975.5	-23.5	99.8%	334.4	103.5%	30.9	100.3%	431.8	4.5%
Compensation of Employees	1,407.6	1,470.7	1,469.5	1,452.0	1,454.7	-14.7	99.0%	-15.9	98.9%	2.7	100.2%	47.1	3.3%
Use of Goods and Services	1,288.3	1,218.2	1,246.4	1,289.7	1,301.9	55.5	104.5%	83.8	106.9%	12.2	100.9%	13.7	1.1%
Interest	513.0	624.0	624.0	611.3	604.5	-19.5	96.9%	-19.5	96.9%	-6.8	98.9%	91.5	17.8%
Subsidies	419.5	443.8	435.1	472.6	489.7	54.6	112.5%	45.9	110.3%	17.1	103.6%	70.2	16.7%
Grants	1,332.0	544.3	787.9	797.8	798.3	10.4	101.3%	254.0	146.7%	0.6	100.1%	-533.6	-40.1%
Social Benefits	3,501.3	3,866.9	3,886.9	3,946.8	3,946.6	59.7	101.5%	79.7	102.1%	-0.2	100.0%	445.3	12.7%
Other Expenses	1,082.0	1,473.2	1,549.2	1,374.5	1,379.8	-169.4	89.1%	-93.5	93.7%	5.3	100.4%	297.7	27.5%
Acquisitions of nonfinancial assets	1,912.2	2,152.3	2,137.6	2,187.3	2,256.1	118.5	105.5%	103.8	104.8%	68.8	103.1%	344.0	18.0%
Acquisitions of financial assets (Except of net accumulation in the stock of cash)	381.1	362.7	209.4	216.9	278.9	69.5	133.2%	-83.8	76.9%	62.0	128.6%	-102.2	-26.8%
Reductions of liabilities	753.2	933.9	967.1	964.3	959.2	-7.9	99.2%	25.3	102.7%	-5.1	99.5%	206.0	27.3%
External	718.1	893.8	927.0	922.1	917.0	-10.0	98.9%	23.2	102.6%	-5.1	99.4%	198.9	27.7%
Domestic	35.1	40.1	40.1	42.2	42.2	2.1	105.2%	2.1	105.2%	0.0	100.0%	7.1	20.2%
Net change in the stock of cash (+ Accumulation / - Application)	103.2	-226.3	-356.6	-356.6	-217.5	139.1	61.0%	8.8	96.1%	139.1	61.0%	-320.7	-310.7%

Annex 3: State Budget Balance (million GEL)

Title	2018 Actual	2019 Initial Plan	2019 Annual Plan	2019 Adjusted Plan	2019 Actual	2019 Actual / 2019 Annual Plan		2019 Actual / 2019 Initial Plan		2019 Actual / 2019 Adjusted Plan		2019 Actual / 2018 Actual	
						Distinction	%	Distinction	%	Distinction	%	Distinction	%-Alternation
Revenues	10,595.6	10,487.7	10,540.4	10,540.4	10,675.0	134.6	101.3%	187.3	101.8%	134.6	101.3%	79.4	0.7%
Taxes	9,696.0	9,645.0	9,645.0	9,645.0	9,665.6	20.6	100.2%	20.6	100.2%	20.6	100.2%	-30.4	-0.3%
Grants	404.0	382.7	390.4	390.4	489.6	99.2	125.4%	106.9	127.9%	99.2	125.4%	85.6	21.2%
Other Revenues	495.7	460.0	505.0	505.0	519.8	14.8	102.9%	59.8	113.0%	14.8	102.9%	24.2	4.9%
Expenses	9,543.7	9,641.1	9,999.1	9,944.7	9,975.5	-23.5	99.8%	334.4	103.5%	30.9	100.3%	431.8	4.5%
Compensation of Employees	1,407.6	1,470.7	1,469.5	1,452.0	1,454.7	-14.7	99.0%	-15.9	98.9%	2.7	100.2%	47.1	3.3%
Use of Goods and Services	1,288.3	1,218.2	1,246.4	1,289.7	1,301.9	55.5	104.5%	83.8	106.9%	12.2	100.9%	13.7	1.1%
Interest	513.0	624.0	624.0	611.3	604.5	-19.5	96.9%	-19.5	96.9%	-6.8	98.9%	91.5	17.8%
Subsidies	419.5	443.8	435.1	472.6	489.7	54.6	112.5%	45.9	110.3%	17.1	103.6%	70.2	16.7%
Grants	1,332.0	544.3	787.9	797.8	798.3	10.4	101.3%	254.0	146.7%	0.6	100.1%	-533.6	-40.1%
Social benefits	3,501.3	3,866.9	3,886.9	3,946.8	3,946.6	59.7	101.5%	79.7	102.1%	-0.2	100.0%	445.3	12.7%
Other expenses	1,082.0	1,473.2	1,549.2	1,374.5	1,379.8	-169.4	89.1%	-93.5	93.7%	5.3	100.4%	297.7	27.5%
Gross operating balance	1,051.9	846.6	541.3	595.7	699.5	158.2	129.2%	-147.1	82.6%	103.8	117.4%	-352.4	-33.5%
Gross investment in nonfinancial assets	1,811.2	2,082.3	2,057.6	2,107.3	2,162.9	105.3	105.1%	80.6	103.9%	55.6	102.6%	351.7	19.4%
Acquisitions	1,912.2	2,152.3	2,137.6	2,187.3	2,256.1	118.5	105.5%	103.8	104.8%	68.8	103.1%	344.0	18.0%
Disposals	101.0	70.0	80.0	80.0	93.2	13.2	116.5%	23.2	133.2%	13.2	116.5%	-7.8	-7.7%
Net Lending/Net Borrowing Balance	-759.2	-1,235.7	-1,516.2	-1,511.5	-1,463.4	52.9	96.5%	-227.7	118.4%	48.2	96.8%	-704.2	92.7%
Net acquisition of financial assets	365.2	16.4	-267.2	-259.7	-87.1	180.1	32.6%	-103.6	-530.1%	172.6	33.6%	-452.3	-123.9%
Acquisitions	484.3	362.7	209.4	216.9	278.9	69.5	133.2%	-83.8	76.9%	62.0	128.6%	-205.5	-42.4%
Currency and public deposits	103.2	0.0	0.0	0.0	0.0	0.0		0.0		0.0		-103.2	-100.0%
Loans	237.6	362.7	209.4	216.9	278.9	69.5	133.2%	-83.8	76.9%	62.0	128.6%	41.2	17.4%
Stocks and other capital	143.5	0.0	0.0	0.0	0.0	0.0		0.0		0.0		-143.5	-100.0%
Disposals	119.1	346.3	476.6	476.6	366.0	-110.6	76.8%	19.8	105.7%	-110.6	76.8%	246.9	207.2%
Currency and public deposits	0.0	226.3	356.6	356.6	217.5	-139.1	61.0%	-8.8	96.1%	-139.1	61.0%	217.5	
Loans	94.1	120.0	120.0	120.0	148.5	28.5	123.8%	28.5	123.8%	28.5	123.8%	54.4	57.8%
Stocks and other capital	25.0	0.0	0.0	0.0	0.0	0.0		0.0		0.0		-25.0	-100.0%
Net incurrence of liabilities	1,124.4	1,252.2	1,249.0	1,251.9	1,376.2	127.2	110.2%	124.1	109.9%	124.4	109.9%	251.8	22.4%
Incurrence	1,877.6	2,186.1	2,216.1	2,216.1	2,335.4	119.3	105.4%	149.3	106.8%	119.3	105.4%	457.8	24.4%
Domestic	422.3	500.0	900.0	900.0	948.8	48.8	105.4%	448.8	189.8%	48.8	105.4%	526.5	124.7%
External	1,455.3	1,686.1	1,316.1	1,316.1	1,386.6	70.5	105.4%	-299.4	82.2%	70.5	105.4%	-68.7	-4.7%
Reductions	753.2	933.9	967.1	964.3	959.2	-7.9	99.2%	25.3	102.7%	-5.1	99.5%	206.0	27.3%
Domestic	35.1	40.1	40.1	42.2	42.2	2.1	105.2%	2.1	105.2%	0.0	100.0%	7.1	20.2%
External	718.1	893.8	927.0	922.1	917.0	-10.0	98.9%	23.2	102.6%	-5.1	99.4%	198.9	27.7%
Balance	0.0	0.0	0.0	0.0	0.0	0.0		0.0		0.0		0.0	

Annex 4: State Budget Allocations according to Spending Institutions, Programs and the Expenditures of General State Importance (million GEL)

Code	Title	2019 Initial Plan	2019 Annual Plan	2019 Adjusted Plan	2019 Actual	Performance towards the annual plan	Performance towards the annual adjusted plan
00 00	Total	13,090.0	13,313.1	13,313.1	13,469.7	101.2%	101.2%
01 00	Parliament of Georgia and Subordinated Organizations	64.7	64.7	64.7	63.8	98.6%	98.6%
01 01	Legislative Operation	54.7	54.7	54.4	54.0	98.7%	99.2%
01 02	Library Operation	9.6	9.6	9.6	9.3	97.3%	97.3%
01 03	State Regulation of Heraldic Operation	0.5	0.5	0.5	0.4	96.1%	96.1%
01 04	Strengthening Analytical and Research Affairs of Parliament of Georgia	0.0	0.0	0.3	0.04		16.1%
02 00	Administration of the President of Georgia	6.0	8.2	9.5	8.5	104.1%	89.9%
03 00	Office of the Business Ombudsman of Georgia	0.8	0.8	0.8	0.7	97.5%	97.5%
04 00	Government Administration of Georgia	16.8	16.8	20.9	20.7	123.5%	99.3%
05 00	State Audit Office	16.2	16.2	16.2	15.9	98.5%	98.5%
06 00	Central Election Commission of Georgia	27.5	27.7	32.2	31.8	114.7%	98.8%
06 01	Development of Election Environment	12.0	12.0	12.0	11.8	98.1%	98.2%
06 02	Facilitation of Development of Elections Institution and Civic Education	1.2	1.2	1.2	1.1	92.5%	94.1%
06 03	Funding of Political Parties and NGO Sector	14.3	14.3	14.3	14.2	99.4%	99.4%
06 04	Measures for Holding Elections	0.0	0.2	4.7	4.7	2336.3%	99.4%
07 00	Constitutional Court of Georgia	4.2	4.2	4.2	3.9	93.2%	93.2%
08 00	Supreme Court of Georgia	9.5	9.5	9.5	9.4	99.3%	99.3%
09 00	General Courts	77.8	77.8	74.3	72.6	93.4%	97.7%
09 01	Development and Support of General Judiciary System	75.9	75.9	72.4	70.9	93.5%	97.9%
09 02	Training and Retraining of Judges and Court Personnel	1.9	1.9	1.9	1.7	90.4%	90.4%
10 00	High Council of Justice of Georgia	6.1	6.1	4.5	4.3	70.7%	95.1%
11 00	Administration of State Representative in Abasha, Zugdidi, Martivili, Mestia, Senaki, Chkhorotsku, Tsalenjikha, Khobi Municipalities, Cities of Poti	0.9	0.9	0.9	0.9	99.7%	99.7%
12 00	Administration of State Representative in Lanchkhuti, Ozurgeti, Chokhatauri Municipalities	0.7	0.7	0.7	0.6	98.0%	98.0%
13 00	Administration of State Representative in Baghdati, Vani, Zestaponi, Terjola, Samtredia, Sachkhere, Tkibuli, Tskaltubo, Chiatura, Kharagauli, Khoni Municipalities and City of Kutaisi	0.8	0.8	0.8	0.8	99.8%	99.8%
14 00	Administration of State Representative in Akhmeta, Gurjaani, Dedoplistskaro, Telavi, Lagodekhi, Sagarejo, Signaghi, Kvareli Municipalities	0.7	0.7	0.7	0.7	96.0%	96.0%
15 00	Administration of State Representative in Dusheti, Tianeti, Mtskheta, Kazbegi Municipalities	0.6	0.6	0.6	0.6	99.9%	99.9%
16 00	Administration of State Representative in Ambrolauri, Lentekhi, Oni, Tsageri Municipalities	0.6	0.6	0.6	0.6	98.5%	98.5%
17 00	Administration of State Representative in Adigeni, Aspindza, Akhaltsikhe, Akhalkalaki, Borjomi, Ninotsminda Municipalities	0.6	0.6	0.6	0.6	99.8%	99.8%
18 00	Administration of State Representative in Bolnisi, Gardabani, Dmanisi, Tetri Tskaro, Marneuli, Tsalka Municipalities and City of Rustavi	0.9	0.9	0.9	0.8	97.8%	97.8%

19 00	Administration of State Representative in Gori, Kaspi, Kareli, Khashuri Municipalities	0.6	0.6	0.6	0.6	99.9%	99.9%
20 00	State Security Service of Georgia	136.0	136.0	136.0	135.9	99.9%	99.9%
20 01	Providing State Security	119.9	119.9	115.1	115.0	95.9%	99.9%
20 02	Maintenance of Operational and Technical Activities	16.1	16.1	21.0	20.9	130.3%	100.0%
21 00	LEPL - Pension agency	3.8	3.8	3.8	3.8	99.8%	99.8%
22 00	Office of the State Minister of Georgia for Reconciliation and Civil Equality	3.0	3.0	3.0	2.7	92.6%	92.6%
23 00	Ministry of Finance of Georgia	91.0	91.0	91.0	86.1	94.6%	94.6%
23 01	Public Finance Management	22.1	22.1	23.0	21.6	97.8%	94.2%
23 02	Revenue Collection and Improvement of Taxpayer Service Delivery	37.6	37.6	37.1	33.8	90.0%	91.3%
23 03	Prevention of Economic Crime	21.5	21.5	21.2	20.9	97.4%	98.8%
23 04	Electronic and Analytic Support of Finance Management	7.9	7.9	7.8	7.5	94.8%	96.2%
23 05	Improvement of Staff Qualifications in the Financial Sector	0.9	0.9	1.0	1.2	133.4%	119.5%
23 06	Supervision of Accounting, Reporting and Audit	1.0	1.0	1.0	1.0	97.4%	97.4%
24 00	Ministry of Economy and Sustainable Development of Georgia	369.6	253.1	249.7	260.4	102.9%	104.3%
24 01	Development and Implementation of Economic Policy	23.4	20.2	21.2	20.9	103.3%	98.4%
24 02	Regulation of Technical and Construction Sectors	1.9	1.9	1.7	1.6	86.5%	96.1%
24 03	Development of Standardization and Metrology Sectors	0.9	0.9	0.9	0.9	100.0%	100.0%
24 04	Management and Development of Accreditation Process	0.1	0.1	0.1	0.1	100.0%	100.0%
24 05	Facilitation of Developments in Tourism	51.9	51.9	51.5	50.6	97.5%	98.4%
24 06	State Property Management	28.8	28.8	37.5	28.7	99.9%	76.6%
24 07	Development of Entrepreneurship	52.9	52.9	44.5	42.4	80.2%	95.3%
24 08	Development of Innovations and Technologies in Georgia	4.8	4.8	4.8	4.1	84.4%	85.3%
24 09	Regulation and Governance of Oil and Gas Sectors	0.6	0.6	0.6	0.6	98.3%	98.3%
24 10	International Obligations Coverage and Transportation Costs Subsidies in Transportation Field	26.0	13.0	7.5	7.5	57.9%	100.0%
24 11	Funding the costs of the natural gas supply for the Kazbegi and Dusheti municipalities mountainous communities	8.0	8.0	8.2	8.2	102.0%	100.0%
24 12	Development of Innovative Eco System (IBRD)	10.0	10.0	10.0	9.7	97.2%	97.2%
24 13	Vardnili and Enguri Hydro Power Plant Rehabilitation Project (EBRD, EIB, EU)	25.0	0.5	0.5	17.3	3460.3%	3460.3%
24 14	Development of Power Transmission Grids of Systemic Importance	86.9	14.9	15.3	21.0	141.3%	137.6%
24 15	Improvement of the electricity and natural gas supply to the population	43.8	43.8	44.7	44.7	102.0%	100.0%
24 16	Support to Professional Education in Navy and Marine Transportation	0.4	0.4	0.4	0.5	123.2%	123.2%
24 17	Land Parcel Buy Out Currently Kept in Private Ownership along Marabda-Akhalkalaki-Kartsakhi for the Construction of Baku-Tbilisi-Kars Railway	0.3	0.3	0.4	0.2	79.4%	60.7%
24 18	Measures connected with Recognized Liabilities in Terms of Bilateral Contract	3.8	0.0	0.0	0.0		
24 26	Development of Skiing Infrastructure in Upper Svaneti (Government of France)	0.0	0.0	0.0	1.3		
25 00	Ministry of Regional Development and Infrastructure of Georgia	2,000.0	2,000.0	2,014.0	2,121.2	106.1%	105.3%
25 01	Development and Management of Regions and Infrastructure Development Policy	8.9	8.4	8.7	8.7	103.0%	98.9%

25 02	Measures for the Improvement of Road Infrastructure	1,302.1	1,302.1	1,323.2	1,395.8	107.2%	105.5%
25 03	Rehabilitation of Regional and Municipal Infrastructure	300.5	258.2	244.1	253.9	98.3%	104.0%
25 04	Rehabilitation and Recovery of Water Supply Infrastructure	226.2	262.4	270.7	294.2	112.1%	108.7%
25 05	Solid Waste Management Program	39.9	19.4	19.3	21.1	108.6%	109.2%
25 06	Support to IDPs	50.0	66.5	70.6	70.3	105.7%	99.6%
25 07	Construction and Rehabilitation of General Educational Infrastructure	72.5	83.0	77.2	77.2	93.0%	100.0%
26 00	Ministry of Justice of Georgia	181.1	191.1	213.9	216.8	113.4%	101.4%
26 01	Development of Public Policy to Support the Law Making and Legal Protection of the Best Interests of Georgia, Including the Implementation of Criminal Law System	8.5	18.5	36.0	35.8	193.8%	99.5%
26 02	Establishment of Penitentiary system with International Standards	146.7	146.7	144.4	143.7	97.9%	99.5%
26 03	Ensured Protection of the National Archive Fund, Introduction of Modern Technologies in Service Delivery and Access to Documents	7.5	7.5	6.2	6.1	81.6%	97.7%
26 04	Retraining of Staff Employed in the System of the Ministry of Justice of Georgia and Another interested persons	2.8	2.8	2.2	2.2	79.9%	100.9%
26 05	Development of Electronic Governance	2.4	2.4	1.9	2.5	104.4%	135.0%
26 06	Crime Prevention, Development of Probation System and Resocialization of Former Inmates	6.7	6.7	6.0	5.8	87.4%	98.2%
26 07	Development of Accessibility and Services Offered by the Public Service Hall	4.4	4.4	6.8	6.9	154.9%	100.5%
26 08	Development of Land Market in Georgia (WB)	2.1	2.1	2.1	1.4	66.8%	66.8%
26 10	Service Development and Accessibility of the State Service Development Agency	0.0	0.0	3.5	7.3		208.5%
26 11	Service Development and Accessibility of the LEPL - National Agency of Public Registry	0.0	0.0	4.8	5.0		105.5%
27 00	Ministry of Internally Displaced Persons from The Occupied Territories, Labour, Health and Social Affairs of Georgia	3,968.4	3,978.4	4,013.4	4,055.4	101.9%	101.0%
27 01	Management of Internally Displaced Persons from The Occupied Territories, Labour, Health and Social Security Programs	57.8	57.8	56.0	63.9	110.6%	114.2%
27 02	Social Protection of Population	2,783.9	2,783.9	2,770.6	2,770.4	99.5%	100.0%
27 03	Healthcare Services to Population	1,044.6	1,044.6	1,107.8	1,136.8	108.8%	102.6%
27 04	Rehabilitation and Equipment of Healthcare Facilities	20.0	20.0	6.8	6.2	31.2%	91.9%
27 05	Reform Agenda of Labor and Employment System	4.3	4.3	3.0	3.0	70.5%	99.5%
27 06	Support of IDPS and Migrants;	57.9	67.9	69.1	74.9	110.5%	108.4%
28 00	Ministry of Foreign Affairs of Georgia	136.5	143.5	147.9	148.3	103.3%	100.2%
28 01	Foreign Policy Implementation	136.0	143.0	147.1	147.4	103.1%	100.2%
28 02	Advancement of Staff Qualifications in International Relations	0.5	0.5	0.9	0.9	162.5%	101.7%
29 00	Ministry of Defence of Georgia	875.0	835.0	835.5	822.9	98.5%	98.5%
29 01	Management of Defence	314.3	314.3	313.8	316.4	100.7%	100.8%
29 02	Vocational Military Education	46.9	46.9	47.0	46.8	99.8%	99.7%
29 03	Healthcare and Social Security	55.5	55.5	55.9	55.8	100.7%	99.8%
29 04	Management, Control, Telecommunication and Computer Systems	9.5	9.5	9.1	9.0	95.2%	99.8%
29 05	Development of Infrastructure	26.5	26.5	34.8	34.8	131.3%	100.0%
29 06	International Peacekeeping Missions	42.8	42.8	43.6	43.6	101.9%	100.0%

29 07	Scientific Research and Development of Military Production and Manufacturing	33.5	33.5	37.6	37.7	112.4%	100.4%
29 08	Preservation/Development of Defence capability	141.2	141.2	110.8	110.8	78.5%	100.0%
29 09	Provision of Logistics	150.0	150.0	159.7	159.7	106.5%	100.0%
29 10	Capacity Building of Defence Forces of Georgia (SG)	55.0	15.0	23.2	8.2	54.9%	35.4%
30 00	Ministry of Internal Affairs of Georgia	741.6	766.6	771.6	774.4	101.0%	100.4%
30 01	Public Order and Development of International Cooperation	528.0	553.0	548.6	551.1	99.7%	100.5%
30 02	Protection of the State Border	94.9	94.9	102.4	102.7	108.2%	100.3%
30 03	Improvement of Security Levels of the Natural Persons and Legal Entities (including Property), Diplomatic Missions and National Treasure	10.2	10.2	9.6	9.5	93.4%	98.8%
30 04	Highly Qualified Staff Training and Retraining of Law Enforcement Bodies, Digitalization of Archive Funds, Scientific-Research Operation and Citizen Service	6.8	6.8	6.7	7.0	103.4%	105.4%
30 05	Healthcare of the Staff Employed at the Ministry of Internal Affairs of Georgia and at the State Security Service of Georgia	4.1	4.1	4.3	4.2	103.2%	98.5%
30 06	Improvement of Civil Security Levels, Creation and Management of Public Stock of Tangible Items	97.6	97.6	100.0	99.9	102.3%	99.8%
31 00	Ministry of Environmental Protection and Agriculture of Georgia	338.9	340.1	347.9	358.0	105.3%	102.9%
31 01	Environmental Protection and Agriculture Development Program	17.8	16.1	15.6	15.6	97.0%	100.0%
31 02	Food Safety, Plant Protection and Epizootic Trustworthiness	68.0	67.6	60.5	66.5	98.4%	109.9%
31 03	Development of Viticulture and Wine-Making	13.8	13.8	17.1	16.9	122.0%	98.4%
31 04	Implementation of Scientific Research Studies in Agriculture	6.5	5.5	5.5	5.7	103.2%	102.6%
31 05	Common Agro Project	96.9	104.2	117.9	117.6	112.8%	99.7%
31 06	Measures to support agricultural cooperatives	6.5	6.5	3.2	2.1	32.3%	66.0%
31 07	Modernization of Irrigation Systems and Promoting the development of the agricultural sector	76.7	77.9	79.1	83.6	107.3%	105.7%
31 08	Environmental Surveillance	20.7	19.0	18.0	17.8	93.8%	99.0%
31 09	Establishment and Management of the Protected Areas System	11.5	11.5	11.6	11.0	95.7%	95.4%
31 10	Establishment and Management of Forestry System	11.9	10.4	11.3	11.1	106.9%	98.2%
31 11	Establishment and management of National plant-growing system	0.6	0.6	1.2	1.1	180.2%	93.0%
31 12	environmental information and environmental education promotion program	4.6	4.6	4.5	5.1	110.3%	112.9%
31 13	Protection of Nuclear and Radioactive Security	1.0	1.0	1.0	1.0	104.3%	109.4%
31 14	Monitoring, Projections and Prevention of Environmental Protection	2.4	1.4	1.3	2.9	217.7%	219.3%
32 00	Ministry of Education, Science, Culture and Sport of Georgia	1,508.5	1,639.5	1,636.1	1,650.1	100.6%	100.9%
32 01	Development of Public Policy of Education, Science, Culture and Sports; Program Management	35.2	35.2	34.6	34.5	98.2%	99.7%
32 02	Pre-school and General Education	750.5	845.5	855.2	855.3	101.2%	100.0%
32 03	Vocational Education	48.7	48.7	43.6	43.6	89.5%	100.0%
32 04	Higher Education	169.0	169.0	161.4	170.1	100.7%	105.4%
32 05	Support to Scientific Research and Studies	65.5	65.5	63.3	64.1	97.9%	101.3%
32 06	Inclusive Education	17.7	17.7	19.2	19.1	107.8%	99.6%
32 07	Development of Infrastructure	135.5	135.5	118.6	111.5	82.3%	94.0%

32 08	State Assistance Events in Youth Sphere	7.4	7.4	3.0	3.8	51.7%	125.6%
32 09	Facilitation of Sport's and Art's Institutions	6.7	6.7	6.5	6.4	95.5%	98.1%
32 10	Facilitation of Development of Culture	68.7	68.7	74.4	74.5	108.5%	100.1%
32 11	Protection of Cultural Heritage and Museum System Improvement	21.1	21.1	26.2	26.4	125.5%	100.8%
32 12	Development and Popularization of Mass and High Achievements in Sports	116.2	116.2	124.6	126.8	109.1%	101.8%
32 13	Social Security and Assistance Events for Public Figures of Sports and Culture	21.2	32.2	29.8	33.8	105.2%	113.5%
32 14	Millenium Challenge Georgia – Second Project	45.3	70.3	73.2	77.4	110.0%	105.6%
32 16	LEPL - Youth Center	0.0	0.0	2.4	2.0		84.7%
32 18	Innovation, Inclusion and Quality Project - Georgia I2Q (IBRD)	0.0	0.0	0.0	0.7		
33 00	Prosecutor's Office of Georgia	37.3	37.3	37.6	37.4	100.3%	99.4%
34 00	Georgian Intelligence Service	13.5	13.5	13.5	13.5	100.0%	100.0%
35 00	LEPL - Civil Service Bureau	1.6	1.6	1.6	1.8	110.0%	110.0%
36 00	LEPL - Legal Aid Service	6.4	6.4	6.4	6.4	99.8%	99.8%
37 00	LEPL - State Office of Veterans' Affairs	8.0	8.0	8.0	7.9	99.4%	99.4%
38 00	LEPL – Financial Monitoring Service of Georgia	2.2	2.2	2.2	2.1	96.9%	96.9%
39 00	Solidarity Fund of Georgia	0.3	0.3	0.3	0.3	97.7%	97.7%
40 00	Special State Protection Service of Georgia	57.5	58.3	64.7	63.9	109.6%	98.7%
40 01	Provision of Security for Individuals and Facilities Subject to Protection	50.0	50.0	50.0	49.9	99.9%	99.9%
40 02	Maintenance of Public Facilities	7.5	8.3	14.7	13.9	167.9%	94.7%
40 03	LEPL - Governmental Special Communications Agency	0.0	0.0	0.01	0.01		100.0%
41 00	Public Defender Office (Ombudsman) of Georgia	6.4	6.4	6.4	7.6	118.1%	118.1%
42 00	LEPL – Public Broadcaster	58.2	58.2	58.2	58.7	100.9%	100.9%
43 00	LEPL – Competition Agency of Georgia	2.2	2.2	2.2	2.0	91.4%	91.4%
44 00	The Administration of the Temporary Administrative-Territorial Unit on the Territory of the Former South Ossetian Autonomous Region - Administration of South Ossetia	2.5	2.5	2.5	2.4	99.1%	99.1%
45 00	Patriarchate of Georgia	25.0	25.0	25.1	25.1	100.5%	99.9%
45 01	Grant Financing for Religious Education	14.7	14.7	14.9	14.9	100.8%	99.8%
45 02	Religious Education Centre of the Patriarchy of Georgia Named After St. Svimon Cananeli, NNLE	0.6	0.6	0.6	0.6	100.0%	100.0%
45 03	Transfer Grant to the Education Centre of Batumi and Lazeti Eparchy, NNLE	1.8	1.8	1.8	1.8	100.0%	100.0%
45 04	Orphanage of the Georgian Patriarchy Named After St. Nino for Children Left Without Parental Care, NNLE	0.7	0.7	0.7	0.7	100.0%	100.0%
45 05	Grant Financing for Orphanage of Batumi Eparchy within the Georgian Patriarchy Named After St. Catherine Martyr, NNLE	0.3	0.3	0.3	0.3	100.0%	100.0%
45 06	Religious Education Centre of Georgian Patriarchy Named After St. Andrew the First Called, NNLE	0.9	0.9	0.9	0.9	100.0%	100.0%
45 07	Grant Financing for the Rehabilitation Centre at Monastery Named After St. George of Mtatsminda, NNLE	0.2	0.2	0.2	0.2	100.0%	100.0%
45 08	Grant Financing for Georgian University of the Patriarchy of Georgia Named After St. Andrew the First Called, NNLE	1.9	1.9	1.9	1.9	100.0%	100.0%

45 09	Grant Financing for the University of the Patriarchy of Georgia Named After Tbel Abuseridze, NNLE	1.8	1.8	1.8	1.8	100.0%	100.0%
45 10	Grant Financing for Rehabilitation and Adaptation Centre of Children with Limited Hearing, NNLE	0.1	0.1	0.1	0.1	100.0%	100.0%
45 11	Subsidies to the Television Company of the Patriarchy of Georgia	0.8	0.8	0.8	0.8	100.0%	100.0%
45 12	Grant Financing for Training Centre of Akhalkalaki and Kumurdo Eparchy, NNLE	0.5	0.5	0.5	0.5	100.0%	100.0%
45 13	Education, Arts and Recreation Centre of Poti, NNLE	0.7	0.7	0.7	0.7	100.0%	100.0%
46 00	LEPL - Levan Samkharauli National Forensics Bureau	4.2	8.7	8.7	8.7	99.9%	99.9%
47 00	LEPL - National Statistics Office of Georgia, GeoStat	10.0	10.0	10.0	10.2	102.1%	102.1%
47 01	Planning and Management of Statistics	5.5	5.5	5.8	5.7	104.0%	99.0%
47 02	Public Program of Statistics	4.5	4.5	4.2	4.5	99.8%	106.4%
48 00	LEPL - Georgian National Academy of Science	4.1	4.1	4.1	3.9	96.0%	96.0%
49 00	Georgian Chamber of Commerce and Industry	1.2	1.2	1.2	1.2	98.2%	98.2%
50 00	LEPL-State Agency for Religious Issues	5.3	5.3	5.3	5.2	98.4%	98.4%
51 00	Office of the inspector of personal data protection	2.8	4.4	5.0	4.7	106.1%	93.3%
52 00	LEPL - State Language Department	0.5	0.5	0.5	0.5	96.3%	96.3%
53 00	Private-public Partnership authority	0.5	0.5	0.5	0.3	53.0%	53.0%
54 00	Expenditures of general-State importance	2,251.4	2,437.5	2,342.5	2,331.4	95.6%	99.5%
54 01	External debt service and repayments	1,230.0	1,273.0	1,249.4	1,240.8	97.5%	99.3%
54 02	Domestic debt service and repayments	324.0	318.0	324.0	320.6	100.8%	99.0%
54 03	Liabilities regarding international financial organizations	9.6	10.2	10.2	10.1	98.7%	98.7%
54 04	Transfers of autonomous republics and local self-government units	80.6	180.6	597.0	594.0	328.9%	99.5%
54 05	Government Reserve Fund of Georgia	50.0	50.0	1.4	0.0	0.0%	0.0%
54 06	Funds for Repayment of debt accumulated in previous years and execution of court decisions	20.0	20.0	5.3	3.7	18.3%	68.6%
54 07	Regional Development Fund of Georgia	280.0	410.0	3.4	0.0	0.0%	0.0%
54 08	Mountainous Community Development Fund	20.0	20.0	0.04	0.0	0.0%	0.0%
54 09	Funding simultaneous bonus for the established state awards of Georgia	0.2	0.2	0.2	0.2	79.3%	79.3%
54 10	Co-financing of Operating Expenses and Other Liabilities In the frame of international agreements	0.7	0.7	0.7	0.7	98.7%	98.7%
54 11	Co-financing Cumulative Pension Schemes	90.0	110.0	110.0	110.0	100.0%	100.0%
54 12	General-State Expenditures Financed by Donors	146.3	44.8	40.9	51.4	114.8%	125.8%
60 00	LEPL – Technological Institute	0.0	0.0	0.0	0.5		

Applied Data Sources:

- Laws of Georgia on the State Budget for 2012-2019 with attached materials;
- Annual reports of government of Georgia on the execution of the state budget of Georgia for 2012-2019;
- Information submitted by the Government of Georgia to the Parliament of Georgia on the main macroeconomic forecasts and the main directions of the Ministries of Georgia;
- Information of the Treasury Service of the Ministry of Finance of Georgia on the State Budget total Revenues, Total Expenditure, Net change in the stock of cash and net lending/Net borrowing balance in 2012-2019;
- Information of the Treasury Service of the Ministry of Finance of Georgia on the consolidated budget total revenues of Georgia in 2018-2019.