

## MODERNIZATION OF FINANCIAL SYSTEM OF GEORGIA

**UNDP Project** GEO/00/005  
**UNDP sector:** Governance, ICTD  
**Duration:** Sep 2001 – Dec 2004

### Objectives:

The overall objective of the project is to assist the Government of Georgia in management of financial resources and reversing of current budgetary crisis through better coordination between and within agencies of financial system resulting in enhanced mechanisms for policy formulation and through increasing the effectiveness of the Ministry of Finance by introducing modern approaches to management;

- Development and Institutionalization of Information System
- Improvement of Policy Formulation
- Improvement of Public Management
- Human Resources Development
- Provision of Technical Tools

### Project Implementation Stages:

- PHASE I: Design, creation, implementation and adaptation of a unified Institutional/Corporate Management Information System (MoF-MIS) of the Ministry of Finance of Georgia
- PHASE II: Design, creation, implementation and adaptation of a Management Information System (ST-MIS) of the State Treasury of Georgia. Linking of the created Management Information Systems (MoF-MIS & ST-MIS) to the National Bank of Georgia, to the 10 regional divisions of the Ministry of Finance and State Treasury, to the Ministries of Finance of the Ajara & Abkhazia Autonomous Republics
- PHASE III: Linking of the created Management Information Systems (MoF-MIS & ST-MIS) to the State Tax Department, Customs Department and Excise Stamps Department
- PHASE IV: Linking of the created Management Information Systems to the Parliament, State Chancellery, Ministry of Economy, Industry and Trade, State Department of Statistics, Chamber of Control, and to the State Interinstitutional Metropolitan Area Network (Tbilisi MAN), unifying all the three branches of the Georgian Government

### Activities:

- To provide government institutions with tools both in terms of transfer of technology and transfer of knowledge in order to improve coordination
- To enhance the capacity of Georgian government to plan and implement fiscal policy
- To improve the planning practices by institutionalizing information exchange
- To improve day-to-day implementation by providing advanced analytical tools

### Outcomes:

- Optimization of mission, functions and responsibilities of departments, rationalization of inter-departmental relations within the Ministry of Finance

- Increased effectiveness of financial system through rationalization of institutional structure and inter-agency relations
- Creation of capacity of all the main institutions of the country financial system to establish direct connections through the installation and configuration of the necessary hardware and software
- Essential rationalization of activities of the Ministry of Finance, State Treasury, Ministries of Finance of the Ajara and Abkhazia Autonomous Republics, State Tax Department, Customs Department and Excise Stamps Department; establishment of a Institutional/Corporate Management Information System (INMIS) based on the up-to-date methodological approaches and ICTs
- Creation of efficient mechanism and tools for budget planning and monitoring, for operational analysis and control of the revenue and expenditures
- Creation of great potential possibilities, resources and capacities for increasing the Ministry's human resources development efficiency; Creation and transferring a new methodological manuals, guides, instructions, dictionaries, users guides, etc.; Carrying out the permanent training sessions for hundreds of civil servants
- Introduction of typical procedures and information forms, unification of document circulation, planning, management, decision making, control and other procedures through application of ICTs and training
- Essential rationalization of the information exchange and document management procedures between the Ministry of Finance of Georgia, State Treasury, Ministries of Finance of Ajara and Abkhazia Autonomous Republics, State Tax Department, Customs Department, Excise Stamps Department, National Bank, State Chancellery, Parliament, Chamber of Control, Ministry of Economy, Industry and Trade, State Department of Statistics
- Access to reliable information for analytical purposes; Improvement of policy formulation due to increased capacity to receive and analyze information; Implementation of data crosschecking mechanisms to verify information; Mandatory use of the unified data exchange format as the main source of financial information
- Networking of regional (10) divisions/units of the Ministry of Finance and State Treasury to their headquarters; Development of a unified daily/weekly/monthly data exchange format for information exchange between regions and headquarters
- Development of a unified daily/weekly/monthly data exchange format for information exchange among the main institutions of the financial system at the central Government level
- Increase of transparency of the Ministry's activities, increase of involvement of civil society organizations; The Ministry of Finance begins to issue and disseminate information bulletins and to use the new web-site; Improvement of transparency in the budgetary process with institutionalized exchange of information
- Creation and activation of the Ministry of Finance of Georgia, State Treasury, Ministries of Finance of Ajara and Abkhazia Autonomous Republics' LANs with support of up-to-date operating, office, standard and specialized software for the INMIS' subsystems/modules; Achievement of the contemporary communication with the agencies within Tbilisi State MAN, and also with the LAN/WS of the State Tax Department, State Customs Department, Excise Stamps Department, National Bank, State Chancellery, Parliament, Chamber of Control, Ministry of Economy, Industry and Trade, State Department of Statistics
- Creation of up to 213 workstations equipped with computer, peripheral, media and office facilities in the Ministry of Finance, up to 167 workstations at the State Treasury headquarters and 10 regional offices, and up to 10 workstations at the Ministries of Finance of Ajara and Abkhazia Autonomous Republics.

These results will significantly assist in overcoming the current budgetary crisis; substantively increase effectiveness, efficiency, stability, mobility and capacity of financial-budgetary system of Georgia. In its turn, the improved financial-budgetary system will become an important catalyst for

socio-economic development of the country, sustainable human development, development of democratic good governance, and reduction of poverty

**Partners:**

- Ministry of Finance of Georgia, including 69 districts' branches
- Ministry of Finance of the Ajara Autonomous Republic
- Ministry of Finance of the Abkhazia Autonomous Republic
- State Treasury, including 10 regional divisions
- State Tax Department
- State Customs Department
- Excise Stamps Department
- National Bank of Georgia
- The central Government authority - State Chancellery and its economical and financial departments
- Parliament of Georgia
- Chamber of Control
- Ministry of Economy, Industry and Trade
- State Department of Statistics
- Other Ministries and State Departments
- Civil society organizations