



Transparency International Georgia releases new report

For immediate release

July 20, 2012, Tbilisi - Transparency International Georgia published its new report, *Electorally Motivated Public Spending*, as part of the project “Transparent and Accountable Political Finance in Georgia.”

We found that public spending in election years is more focused on social programs, short term employment and a populist agenda in general, as opposed to non-election years. This has also been the case in 2012, a parliamentary election year.

Our analysis of the 2012 state budget revealed some systemic flaws which encourage electorally motivated spending:

- **A lack of detail in the 2012 state budget and a lack of transparency regarding how certain appropriations are spent, especially in the case of the contingency (reserve) funds of the President and Government of Georgia.**
- **Starting in 2012, the Georgian Budgetary Code allows spending institutions a 100% intra-program line item retrenchment, replacing the previous 5% limit, which we believe might also encourage electorally motivated public spending.**

We found specific examples of electorally motivated spending, including:

- **A summer jobs program for 25,000 students, which aims to place students with a range of pre-selected employers (in both private and public sector organizations) from July 20 to August 20, 2012 and to pay GEL 500 to each student from the state budget;**
- **Distribution of vocational education vouchers worth GEL 1000 to socially vulnerable students;**
- **An announced increase of more than 25% in pensions for the elderly starting in September, 2012;**
- **An increase in the coverage of government-run insurance programs by more than 100%;**
- **An increase in financing for viticulture development by an unprecedented 309% after budgetary changes were implemented in May;**
- **A project called “Leader 2012,” started by the Ministry of Sport and Youth Affairs of Georgia, through which students of higher education institutions in Georgia will get free vacations to the resort city Anaklia and receive training. According to media reports, this program will serve 80,000 students, and its implementation is organized by the Student Self-Governments and the ruling United National Movement party.**

The majority of these programs start several months prior to the 2012 parliamentary elections, and this gives us reason to believe that state financial resources are being used for electoral purposes.

Transparency International Georgia suggests that the government should manage state funds more responsibly and appeals to the government of Georgia to refrain from using



public money for programs that can be considered electorally motivated. In addition, Transparency International Georgia considers that a switch to detailed program budgeting instead of the current arrangement will significantly decrease opportunities for electorally motivated budgetary spending.

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