



# Green Budget Reporting in Georgia

PEMPAL Budget and Treasury Communities of Practice (BCOP & TCOP)

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**NATIA GULUA**

WB Voice Secondee/Head of Budget Department,  
Ministry of Finance, Georgia; BCOP member;

Email: [n.gulua@mof.ge](mailto:n.gulua@mof.ge)  
[ngulua@worldbank.org](mailto:ngulua@worldbank.org)



# Two Decades of PFM Reform

By 2007, Georgia adopted the Medium-Term Expenditure Framework through the Basic Data and Directions document.

By 2012, program budgeting became the standard for the national budget, and by 2013 it expanded to municipalities.

In the following years, Georgia implemented GFSM-2014 classification, strengthened PEFA assessment exercises, and integrated fiscal impacts into the BDD and budget documents.

**PFM reforms in the budgeting area are based on the following assessment results:**

- PEFA (WB, EU) – Public Expenditure and Financial Accountability
- FTE (IMF) – Fiscal Transparency Evaluation
- PIMA (IMF) - Public Investment Management
- IMF – Fiscal Rules Assessment
- OBS – Open Budget Survey
- Government Program
- Sectoral Reform Agendas

2007

2009–2011

2012

2014 and 2017

2014

2022–2025

In 2009–2011, we rolled out the new Budget Code, piloted program budgeting, and integrated the e-Budget with the e-Treasury system.

Between 2014 and 2017, we introduced the Organic Law on Economic Freedom, improved fiscal governance, expanded performance reporting, and developed public investment guidelines.

Most recently, in 2022–2025, we introduced the Policy Classifier, expanded PIM methodology, upgraded our electronic systems, and advanced climate and gender tagging methodologies.

***Digital PFM: eBudget, eTreasury, eDMS, eHRMS, eprocurement, rs, ecustomes; ePIM - Public Investment Management electronic system.***

# The PFM Coordination Council



A key driver of our progress has been the **PFM Coordination Council**, established in 2007 under the Ministry of Finance



The Council brings together representatives from:



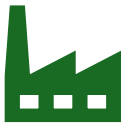
the Ministry of Finance and its agencies



the Parliament, including the Budget Office



the State Audit Office



the State Procurement Agency



development partners



civil society organizations

# Linking Policy and Budget: The Challenge and the Response

## Challenges:

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Lack of Coordination

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An abundance of policy documents

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Emphasizing activities/processes over results-oriented

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Weak links between strategic planning and budgeting

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Low quality of reporting

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## Reforms addressing the challenges:

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Improving comprehensiveness of Budget Documentation

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Budget transparency

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Medium-term action plans (activity level and costing).

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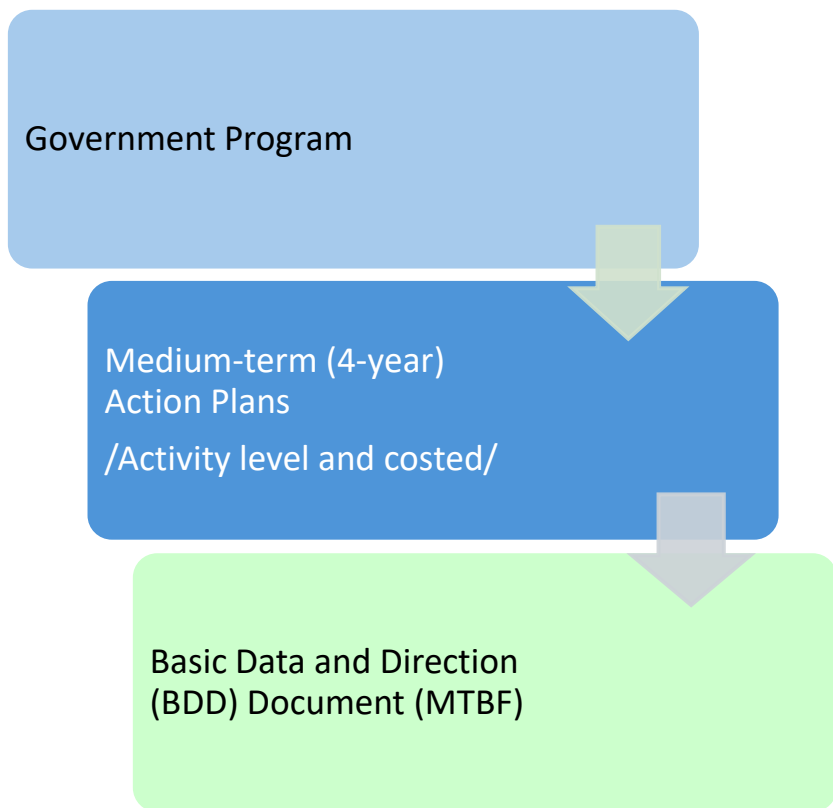
**Strategic planning and coordination reform**

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Introducing rules and standards of preparation of strategic documents

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# Linking Policy and Budget: Strategic Planning and Budgeting



- ✓ *Policy Planning and Coordination Reform*
- ✓ *Performance Based Budgeting (PBB)*
- ✓ *Financial Management and Control (FMC)*
- ✓ *Public Investment Management (PIM)*
- ✓ *Integrating SDGs, Gender, Climate, etc, into the PBB*
- ✓ *Electronic PFM systems*

State Budget Law

Sector Strategies

# Integrating Cross-cutting issues into the budget - *Policy Classifier*

In 2022, Georgia introduced an innovative *Policy Classifier* in its e-Budget system

This tagging tool allows every budget organization to link their programs and sub-programs to major policy areas such as:

-  Sustainable Development Goals (SDGs – 17 Goals) ✓
-  Equality of Women and Men - Gender equality ✓
-  Climate change (adaptation and mitigation) ✓
-  Green Budgeting ✓
-  Human capital goals ✓
-  Sector strategies: Vision 2030 ✓

# Budget Tagging Work

 <b>SDGs</b>	 <b>Women and Men Equality</b>	 <b>Climate Change</b>	 <b>Green Budgeting</b>	 <b>Human Capital Goals</b>	 <b>Government Strategies</b>
<ul style="list-style-type: none"> <li>✓ SDG Government Plan;</li> <li>✓ SDG Localization;</li> <li>✓ SDGs are integrated into the PIM process;</li> </ul>	<ul style="list-style-type: none"> <li>✓ GBT Methodology;</li> <li>✓ Tagging was made by the relevant LMs (Pilot Ministries);</li> <li>✓ Capacity Building (trainings and workshops);</li> <li>✓ Women and Men equality is integrated into the PIM process;</li> <li>✓ Coordination within government (AoG, MOF and LMs);</li> <li>✓ UN WOMEN support.</li> </ul>	<ul style="list-style-type: none"> <li>✓ CBT Methodology;</li> <li>✓ Tagging was made by the relevant LMs;</li> <li>✓ Capacity Building (trainings and workshops);</li> <li>✓ Climate change is integrated into the PIM process;</li> <li>✓ Coordination within government (MOF, MEPA, LMs);</li> <li>✓ WB support</li> </ul>	<ul style="list-style-type: none"> <li>✓ Ongoing work on Green Growth Strategy and Action Plan;</li> <li>✓ Tagging exercise done by the Ministry of Economy and Sustainable Development).</li> </ul>	<ul style="list-style-type: none"> <li>✓ Human Capital Program (ongoing)</li> <li>✓ Tagging was made by the relevant LMs;</li> <li>✓ Human Capital program implementation report is part of the budget execution reports (quarter and annual).</li> </ul>	<ul style="list-style-type: none"> <li>✓ Government Strategy – Vision 2030 and action plan;</li> <li>✓ Tagging was made by the relevant LMs.</li> </ul>

✓ *Budget programs/subprograms are tagged through eBudget system*

# Program Budget Structure

Program Code	Program Name	Funding for planned year	Incl: State Budget Funds	Incl: Own Revenues	Funding for planned +1 year	Funding for planned +2 year	Funding for planned +2 year

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## Program/subprogram Name and Code

Implementing Agency

### Policy Classifier

 **Tagging System**

Description and Goal

Output/outcome

Performance Indicators:

Name; Target; possible risk; possible deviation

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# Annual Budget Execution Report Structure

Program/Subprogram Name and Code	
Implementing Unit	
Description of Implemented Activities	
Planned Outputs/outcomes	
Achieved results	
Planned Performance (target) Indicators	
Achieved Performance (target) Indicators	
Explanation about difference between planned and achieved indicators	

# Way Forward

- Integrate cross-cutting priorities through eBudget, moving from testing to full implementation;
- Identify and quantify policy-related costs;
- Generate *fiscal impact on policy classifiers report* as part of the State Budget Law package submitted to Parliament;
- Support Green Budget Tagging work in coordination of the Ministry of Economy and Sustainable Development;
- Support integrating cross-cutting issues into the outputs/outcomes and performance indicators of the program budget;
- Expand capacity-building programs across ministries and agencies.

Thank You