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# **GYLA: INCREASE OF FUNDING FOR LEGAL ENTITIES OF PUBLIC LAW AND NON-ENTREPRENEURIAL (NON- COMMERCIAL) LEGAL ENTITIES ENVISAGED BY THE STATE BUDGET FOR 2017 INCREASES THE RISK OF IRRATIONAL EXPENDITURES**

On 18 October of the current year, the State Audit Office published a report regarding the draft law on the State Budget of Georgia for 2017. The part of the report related to legal entities of public law and non-entrepreneurial (non-commercial) legal entities. The Georgian Young Lawyers' Association finds the information provided in the report of the State Audit Office to be of concern, namely, the information in the draft State Budget for 2017 with regard to legal entities of public law and non-entrepreneurial (non-commercial) legal entities.

Namely, according to the report, the draft law on the State Budget for 2017 provides that the budgeted amount of revenues of legal entities of public law and non-entrepreneurial (non-commercial) legal entities will increase by 16% as compared to the year of 2016 and will amount to one billion and 700 million. The amount of payables makes up even more, which will increase by 17% as compared to the year of 2016 and will amount to one billion and 860 million.

It should be noted that the budgeted amount of money to be allocated to legal entities of public law and non-entrepreneurial (non-commercial) legal entities from the State Budget makes up GEL 946 million and this number increased by 37% as compared to

that in 2016. Instead, the budgeted amount of revenues from the sources allowed by the legislation of Georgia will reduce by GEL 19 million, which reduced by 2,3% as compared to the year of 2016.

The part of the State Budget for 2017 which relates to the amount allocated for remunerations in legal entities of public law and non-entrepreneurial (non-commercial) legal entities is of special importance. Apart from the information that the budgeted amount for remunerations makes up GEL 716 million and this amount is 30 million more than that in 2016, the presented draft law does not provide information on the planned number of full-time and part-time employees in legal entities of public law and non-entrepreneurial (non-commercial) legal entities.

Proceeding from the report of the State Audit Office relating to the draft law on the State Budget for 2017 and from the circumstances mentioned above, we would like to state the following:

- Issues related to the transparency and accountability of legal entities of public law and non-entrepreneurial (non-commercial) legal entities still remain an important problem, which is confirmed by the information reflected in the draft State Budget for 2017 and presented in the report by the State Audit Office. It is against this background that the increase of funding fosters opinions on the possible irrational expenditure of public funds;
- Accountability to founders of these legal entities is practically absent or works inefficiently (this problem is felt more with respect to non-entrepreneurial (non-commercial) legal entities founded by the local self-government);
- Provision of comprehensive information about the number of persons employed in legal entities of public law and non-entrepreneurial (non-commercial) legal entities and the need for this number of employees still remains a challenge. It is impossible to establish the reason why it becomes necessary to increase the number of employees and what the increase of remunerations is connected to.

GYLA calls upon the Government of Georgia and the Parliament of Georgia to take into consideration the recommendations regarding legal entities of public law and non-entrepreneurial (non-commercial) legal entities, presented by the State Audit Office in its report on the draft law on the State Budget of Georgia for 2017, and provide as comprehensive and complete information as possible about the funding/revenues of

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**GEORGIAN YOUNG LAWYERS' ASSOCIATION**



legal entities of public law and non-entrepreneurial (non-commercial) legal entities.