



Evaluation of the budget reduction and reorganization process in public institutions

The Georgian Young Lawyers' Association (GYLA) has carried out monitoring of the Prime Minister's initiative of December 9, 2016 concerning 10% reduction of budgetary expenditure and possible optimization of staff in public institutions.

The aim of the monitoring was to analyze the reduction and reorganization process of budget expenditure in budgetary institutions, to evaluate the compliance of the reorganization process with the Georgian legislation, to identify existing deficiencies and prepare recommendations.

The monitoring process looked at the following issues: the amount of reduced financial expenses and main directions; progress, duration and needs of the reorganization process; the number of public officials made redundant due to the reorganization and their selection criteria; the amount of compensation paid to the civil servants dismissed due to the reorganization.

According to the information provided by 12 Ministries, the total amount of budgetary expenses reduced by the Ministries accounts for 55 344 000 GEL. The Ministries made the largest reduction in the amount of GEL 39 million in the part of remunerations, which largely reflected in a significant reduction and/or complete cancellation of the bonuses and pay supplements. **The reorganization that led to the reduction of employees was carried out in 5 Ministries, in particular:** the Ministry of Defense; Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees; Ministry of Regional Development and Infrastructure; Ministry of Culture and Monument Protection and Ministry of Foreign Affairs, on which basis **2300 civil servants in total were made redundant.** The total amount of the **compensation** paid to the dismissed civil servants has accounted for **GEL 5 322 300.**

According to the information provided by 5 self-governing cities (Kutaisi, Batumi, Zugdidi, Ozurgeti and Poti), the self-governing cities reduced budget expenditures by GEL 3 630 000, and the funding for NNLPs by 1 220 000 GEL. In addition, in total **137 employees** were dismissed as a result of reorganization in NNLPs.

From December 2016 to March 2017, GYLA's Tbilisi Office Legal Assistance Center provided 32 consultations on labour relations in public services, prepared three lawsuits and provided advocacy services in 2 cases. The lawsuits were filed against the Ministry of Defense of Georgia (1), Ministry of Regional Development and Infrastructure (1) and LEPL "Tbilisi Chief Library" (1). In addition, 1 case against the Ministry of Defense of Georgia and 1 case against LEPL National Bureau of Enforcement are under consideration.

As a result of the analysis and evaluation of reduction process of budgetary funds and reorganization, the following problematic issues have been identified:

- The government session did not review the ongoing reorganization process in the ministries and the results, also the Georgian Parliament have not provided effective control of the ongoing reorganization process in the ministries;
- the Ministries and self-governing cities had non-uniform and different approaches to the priorities and the amount of budgetary funds reduction that was due to the absence of a common vision of the Government of Georgia;
- The significant reduction in labor compensation costs by ministries and self-governing cities may affect financial guarantees and motivation of public servants, and also lead to professional staff flow from public institutions;
- The orders issued by ministers on the reorganization are of standard and formal nature which only envisages the requirement to notify public officials upon the commencement of the reorganization process. The majority of the Ministers' orders do not provide for the information such as: the duration of the reorganization process, the rules and requirements of reorganization, the need for conducting a personnel audit and preparation of recommendations on the need for reducing staff;
- Public institutions do not have clear criteria for selection of civil servants to be discharged in the process of reorganization. The majority of the ministries do not substantiate how or on under what circumstances a specific public official can be selected and dismissed.
- The reorganization and reduction of financing of NNLPs by the self-governing bodies should be highly evaluated. However, given that this was done in a hastily manner and short period of time, the necessity and expediency of the decisions taken by the self-governing cities are questionable.

For the complete version of the study, please follow the **link**