



The Two “Truth” about the Reserve Funds

Since some days before the 2013 Presidential Elections, much has been said about the millions spent from the President’s Reserve Fund.

Representatives of the ruling party allege that funds from the President’s Reserve Fund were spent for political party purposes, namely, for the benefit of the United National Movement. President’s administration, however, has its counter argument, stating that activities funded from the President’s Reserve Fund were not envisaged in 2013 state budget and nobody undertook obligation to cover such expenses.

As for political statements, representatives of both political forces can be considered true. To be more precise, each might have their truth, yet I still consider that both of them try to mislead us more or less.

Let’s start from the ruling party. The political power that took the helm after the 2012 parliamentary elections had chance to alter the definition of the articles of the budgetary code, which concern the applicable rule of spending funds from the Reserve Fund (there was no rule in reality). This is the rule, in the framework of which for the past several years the former ruling party, already moved to opposition, successfully funded advertisements, billboards, image ads, business trips, translation of books, concerts, various festivals and what is the most important so called infrastructural projects carried out in election years, majority of which is unknown to population at large. To say more simply, the new government should have ensured development of the problematic norm in terms of the President’s and Government’s Reserve Funds.

As for the position of the Administration of the President, the issue is much more

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complicated there. For instance, this year, with one order only, the President allotted GEL 900,000 for smooth operation of its administration; GEL 800,000 was allotted for functioning of the LEPL State Security Agency; more than GEL 90,000 was allotted for non-commercial legal entity “Youth Initiative for Future Georgia” that was established in February of this year; GEL 60,000 GEL was spent for organization of the wine festival in Kartli; more than GEL 342,000 was spent for rehabilitation of churches and dioceses, 85,000 GEL was allocated for raising qualification of civil servants (I am really interested who those privileged individuals were); more than GEL 1,000,000 was allotted for funding students enrolled in master’s programs abroad (notwithstanding our attempts, eligibility criteria for selecting successful candidates remains secret). These are only the part of costs incurred by the President’s Reserve Fund, however, if we examine the issued orders in details, many unpredictable expenses may be discovered there.

Generally, majority of incurred costs should have nothing in common with the Reserve Fund, while the other part of expenses has been already incorporated in 2013 state budget.

In view of this, statements of both parties on the President’s Reserve Fund bears clear political shade.

And the last, I would like to say a few words about the inauguration of the new President. If we trust statements of the Ministry of Finance, inauguration process will be funded from the Government’s Reserve Fund, as far as the President’s Reserve Fund is completely empty. We appreciate that the Government’s Reserve Fund is not totally spent; however, funding of inauguration should not be priority either for the President’s Reserve Fund or the Government’s Reserve Fund. Pending Presidential Elections in 2013 was known well in advance. Moreover, inauguration is neither a flood nor any other natural disaster to befall unexpectedly. In view of this it would have been much wise to include necessary funds for inauguration in the 2013 state budget and to release the President’s Reserve Fund from this burden, let alone the Government’s Reserve Fund.

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