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BUDGET ANALYSIS OF PENAL SECTOR 2014-2018



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AIM OF THE STUDY

- To study of the budget issues of 2014-2017 concerning human rights strategies and action plans, criminal system reform strategies and action plans, and the penitentiary system healthcare development strategy and action plan (in the field of penitentiary and probation). To carry out future promotion and development of reforms through the main findings of the study and the recommendations based on them.

A study of the 2014-2017 budgeting processes of the penitentiary and probation system shows that budget planning is largely qualified and meets the requirements of the Budget Code, software budgeting methodology requirements.¹ On the first stage of the drafting of the state budget, preparation of the Basic Data and Directions Document of the country is carried out in a manner that fully covers the state budget spending agencies, the Ministry of Corrections, medium-term action plans for the implementation of the programs, their goals and the amount of financing,² however, from year to year, the text, depicting software directions, is submitting to the Ministry of Finance unchanged except for minor differences. Since the Basic Data and Directions Document (BDD) is a fiscal framework, it is desirable to further emphasize what measures/actions need to be taken at a specific year within the medium-term action plans.

When reviewing action plans, the Action Plan³ of the Government of Georgia on the Protection of Human Rights 2014-2015 does not specify the source of funding and the amount of money. It should be noted that the government's guidelines (2017) require information on the budget only if additional funds are needed⁴ to carry out the activity and it is recommended that the column "Budget" be replaced with "additional funds required", followed by another column "additional funding sources". In Action Plan of the Government of Georgia on the Protection of Human Rights 2016-2017 the column "Budget" is added, which sometimes indicates the source of funding, other times the source of funding and the amount of money, and sometimes the service provider ("Perspective" Ltd)⁵. In the Action Plan of the Government of Georgia on the Protection of Human Rights 2018-2020, the column "Budget" remains, which is not filled.

The source and amount of funding for action plans for the 2014-2015 Criminal Justice reform are not indicated everywhere. The amount of funding is mainly considered for programs and

1 Budget Code, Chapter V

2 Budget Code, Art. 34

3 Resolution #445 of the Government of Georgia (July 9, 2014)

4 "Policy Planning Handbook", cited in the paper, p. 11.

5 Perspective Ltd. is a legal entity registered on December 29, 2011, based on Article 7, Paragraph 7 of the Law of Georgia on Entrepreneurs and the Law of Georgia on the Procedure for Enforcing Non-Custodial Sentences and Probation, 100% of its shares owns LEPL National Probation Agency. The main subject of its activity is the infrastructural and material-technical provision of the Prison Visits considered by the Prison Code.

sometimes for sub-programs. In the case of measures where there are several responsible agencies for their implementation, it is difficult to determine if which agency allocates money from its budget to cover approved expenses. It should be noted that in the justice system an action plan for rehabilitation and re-socialization includes detailed information on the amount of money and funding organizations. The action plans for the reform of the criminal justice system 2016-2017 are drafted similarly to previous years. Only in the Justice System, the action plan for rehabilitation and re-socialization, in contrast to 2014-2015, does not include the source of funding and the amount of money. There are no lines on the budget at all in the 2018 Criminal Justice Reform Action Plan.

It is recommended (although it is unnecessary to show the information on the budget)⁶ to break down the allocations on the programs according to the sub-programs as much as possible. This will simplify the analysis of the program execution process and will facilitate its effective implementation. The Action Plan of the Government of Georgia on the Protection of Human Rights 2016-2017 outlines the source and amount of funding for some activities (in contrast to 2014-2015), although it rarely coincides with the number of funds for the same activities, listed in the Criminal Justice System Reform Action Plan. It is necessary to coordinate the work between the agencies and the relevant services working on the action plans.

During the research period (2014-2017), under the Chapter 5 of the laws of the relevant years on the state budget (priorities and programs), it is formulated what the specific program serves for, what are its main sub-programs and activities, and what goals are planned to be achieved. In the appendix to the program budget, the information should be presented according to the priorities and include funding for all programs, and consequently, the total amount of sources focused on the priority. Also, the outcome of the implementation of each program and the evaluation indicators of that outcome, and the intermediate results and evaluation indicators of those results expected by the implementation of the sub-programs/activities. The survey found that mostly, in the “Project Description and Purpose” of the annex to the budget per each year, which describes the expected results and indicators of budget programs, the content of the relevant programs and sub-programs are taken from the priorities and programs of the same year’s budget law (Chapter 5) without any changes. In the program appendix, it is recommended to describe the programs and sub-programs in detail, taking into consideration all major events/actions. The impression is that the process of completing and submitting an appendix to a program budget is more mechanical. Consequently, there are also hidden inaccuracies, which are the result of its drafting according to this method.

While compiling the program budget, the spending agencies should pay attention to the accurate formation of the final and interim results. The result should reflect those future conditions for which the program and its subprograms are being implemented. The results should be clear and specific, and the ways to achieve them should be presented in the

⁶ "Policy Planning Handbook", cited in the paper, p. 11.

description of the program (sub-program/event). The establishment of the interim and final results accurately gives the possibility to evaluate the achieved results efficiently, carefully study and analyze the reasons in case there are differences between the planned and achieved results to further take into account and correct the shortcomings mentioned in the medium-term action plans or sectoral strategies.

The final and intermediate results evaluation indicators are often not set out in the appendix to the Program-Budget Laws to be result-oriented, clearly measurable, relevant, and time-specific. It is often impossible to determine what the result is indicating; if it is positive or negative. Incompetently compiled indicators of the intermediate results do not allow us to measure/evaluate to be achieved results with specific indicators.

In the program appendixes of the 2016-2017 budget laws, a large proportion of the indicators of intermediate and final results are compiled with competence and the results of the programs and sub-programs are achievable, measurable, relevant, detailed and time-specific. In 2016, according to the “Expected Outcomes and Indicators in Programs” defined by the Budget Law, the **indicators** were designed according to the figures. These are: **basic** and **targeted**. The **probable risks of misdiagnosis of the targeted indicator** are also defined (described). This method allows you to determine the indicators more qualitatively and evaluate the subsequent results. However, following the 2016 budget program appendix, the content lacks one indicator of “probability of error (% / description)”. The information described in it leads to a misunderstanding of the cause of the error and the possible consequences. In 2017, there are indicators where it is impossible to determine the difference between the base and the targeted indicators. There are also those where a specific indicator reflecting the goal is not specified, there is only a general description.

The performance indicator is an opportunity to evaluate the results achieved, how well the program achieves the set goals. In determining the evaluation indicators, it is important to understand what the difference is between the final result of the program and the intermediate results which need to be achieved within the sub-program. The final result of the program is the desired condition which will benefit the general society, and the intermediate results achievable under the sub-programs are the information given in the specific and measurable units. It is therefore essential that the latter be specific and measurable within one year.

In the annual reports on the implementation of the state budget, in 2014-2017 we face the same critical problem. Rarely (in 90% of cases) measures taken within the framework of budget law’s priorities and programs are consistent with the results of the implementation of the same measures described in the criminal justice reform action plan. There are differences in the quantitative, percentage, and content indicators, as well as, there are cases when a specific action/measure is described neither in the Criminal Justice Action Plan nor the implementation of the budget law. The question arises, do these errors cause problems in project budget planning and determining cost-effectiveness?! Coordinated work is needed between agencies, relevant services, and financial departments working on the action plan.

