

FactCheck



Nodar Khaduri:

Minister of Finance of Georgia



“The population can see online and upon a daily basis how the country’s budget is being spent”

Beso NAMCHAVADZE
FactCheck

The Minister of Finance of Georgia, Nodar Khaduri, on air on Maestro TV, summarised the Ministry of Finance’s last three years of work. Mr Khaduri underlined that important steps have been taken during this period to improve the transparency of the budget and interested individuals are able to see how and where the state budget is being spent online every day.

FactCheck verified the accuracy of the Minister of Finance’s statement.

Budget transparency implies that discussion procedures for budget projects in representative bodies are open to the public and the media as well as the publication of the approved budget and reports of its fulfilment and the accessibility of budget information (with the exception of secret information) for every person or legal entity.

International Budget Partnership, an international organisation, publishes the Open Budget Index Rankings biannually (Transparency International Georgia is International Budget Partnership’s local partner and

conducted some research about the Open Budget Index Rankings. The Index assesses the budget transparency level of a given country). The organisation’s survey was carried out in 102 different countries. There were 109 indicators used to measure transparency and assess whether or not the central government ensures the timely accessibility to eight major budget documents (see picture 1) for the public and if the data given in the documents is comprehensive and usable.

According to the 2015 report, improvements as compared to 2012 are registered in the following components: the Ministry of Finance compiled and published the Citizens Budget Guideline as well as made improvements to the quarterly and annual budget fulfilment reports. However, the fact that the six-month budget fulfilment report has not been prepared or published still remains a problem.

Georgia received 11 points more in the Open Budget Index Ranking than it received in 2012 and accumulated 66 points in total which means that its budget transparency level is high. The country ranks 16th among the 102 countries. In the region, Georgia is outperformed only by Russia with its 74 points. In 2012, Georgia was in the 33rd place. Passing

the 80 point mark indicates a very high transparency level. Therefore, in this regard Georgia is still in need of more progress. New Zealand occupies the 1st position in the Open Budget Index Ranking.

Within the framework of the Open Budget Index, together with budget transparency, the extent to which a government offers the public to be involved in the budget process is also studied. Georgia received 46 out of 100 points in terms of public participation which means that the public has only limited possibilities to be involved in the country’s budget processes.

The Minister of Finance emphasised that together with increasing the level of budget transparency, interested persons are able to see online upon a daily basis how the state budget is being spent. On the website of the Treasury Service, it is indeed possible to see the daily expenses of the state budget. For this, one needs to select the “Daily Operative Information” section in the category of “Budget” and download the document entitled Fulfilment of State Budget Expenses. The document illustrates the amount spent by a particular state organ and the purpose for the expenditure as of the previous day.

Picture 1: Accessibility to Eight Major Budget Documents in Georgia (2006-2015)

	2006	2008	2010	2012	2015
Major Data and Direction of the Country	○	○	○	○	○
Draft State Budget	○	○	○	○	○
Law on Budget	○	○	○	○	○
Citizens Budget Guideline	□	○	□	□	○
State Budget Quarterly Fulfilment Reports	○	○	○	▲	○
Six-Month Report of State Budget Fulfilment	○	○	○	○	○
12-Month Report of State Budget Fulfilment	○	○	○	▲	○
State Audit Office’s State Budget Fulfilment Report	○	○	○	○	○

□ - Absent/Published with delay ▲ - Present for internal use only ○ - Published

Source: Transparency International Georgia

CONCLUSION

ACCORDING TO THE INTERNATIONAL BUDGET PARTNERSHIP’S OPEN BUDGET INDEX RANKING, GEORGIA’S BUDGET TRANSPARENCY LEVEL IMPROVED IN 2015 AS COMPARED TO 2012 OWING TO THE IMPROVEMENT OF THE CONTENT OF DIFFERENT BUDGET RELATED DOCUMENTS AND THEIR TIMELY PUBLICATION. IN 2015, GEORGIA RECEIVED 66 POINTS IN THIS COMPONENT AND RANKED 16TH AMONG THE 102 COUNTRIES SURVEYED.

IN REGARD TO THE POSSIBILITY THAT INTERESTED PERSONS CAN GO ONLINE TO SEE HOW AND FOR WHAT PURPOSES THE STATE BUDGET IS BEING SPENT IS INDEED TRUE. THE TREASURY SERVICE PUBLISHES DAILY OPERATIVE INFORMATION ABOUT BUDGET EXPENSES.

THEREFORE, FACTCHECK CONCLUDES THAT NODAR KHADURI’S STATEMENT IS TRUE.

TRUE



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of the United States



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1 Out of 2 Persons in the EU Purchased Online in 2015 Featured

The FINANCIAL



In the European Union (EU), the proportion of individuals aged 16 to 74 having ordered goods or services for private use over the internet (“e-buyers”) has continuously risen, from 30% in 2007 to 53% in 2015. This means that the EU has exceeded its Digital Agenda target of 50% by 2015.

Among EU internet users who did not make any on-line purchase in 2015, 75% reported that they preferred to shop in person and 27% were concerned about payment security and privacy.

Most e-buyers in the EU seemed satisfied with their online purchases: 70% said they did not encounter any problem when ordering online. The most popular items bought over internet were clothes and sports goods (ordered by 60% of e-buyers), followed by travel and holiday accommodation (52%) and household goods and toys (41%).

These data come from a report issued by Eurostat, the statistical office of the European Union, and are part of the results of the survey conducted in 2015 on ICT (Information and Communication Technologies) usage in households and by individuals. The data are used to monitor several EU policies, in particular the Digital Agenda for Europe.

lands, Finland and Sweden (all 71%). In contrast, Romania (11% of e-buyers), Bulgaria (18%), Cyprus (23%) and Italy (26%) registered the lowest proportions. Overall, in half of the Member States, the share of e-buyers was above 50%.

1 OUT OF 2 SILVER SURFERS BOUGHT ONLINE IN 2015

In the EU, online shopping is considerably less widespread among the older generations (with 25% of those aged 65-74 shopping online in 2015) than among the younger generations (66% of those aged 16-24 and 70% of those aged 25-34). This difference between the two age groups is largely explained by the fact that older people are less likely to use the internet - for whatever purpose. In fact, the share of online shoppers among silver surfers (internet users aged 65 to 74) has reached 53%, compared with 68% of young internet users.

HIGHEST SHARE OF E-BUYERS AMONG THE AGE GROUP 25-34

Among the younger age group (those aged 16 to 24), the share of internet users

having purchased online in 2015 was above 50% in most EU Member States, while for those aged 65 to 74, the proportion was above 50% only in the United Kingdom (78%), Luxembourg (69%), Germany (65%), Denmark (63%), Sweden (58%) and France (57%). Overall, in an overwhelming majority of Member States, the highest share of online purchasers among internet users was found in the age group 25 to 34 years.

While the same general pattern was observed in all Member States, with the share of internet users having purchased online in 2015 being lower for the older generations than for younger ones, the size of this effect differed markedly between Member States.

CLOTHES IN THE UNITED KINGDOM, TOURISM SERVICES IN DENMARK, BOOKS IN LUXEMBOURG

In 2015, the most popular product purchased online in

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HIGHEST PROPORTION OF E-BUYERS IN THE UNITED KINGDOM, DENMARK AND LUXEMBOURG

In 2015, the share of e-buyers was highest in the United Kingdom (where 81% of the total population aged 16 to 74 purchased online), Denmark (79%), Luxembourg (78%), Germany (73%), the Nether-

HIGHEST SHARE OF E-BUYERS AMONG THE AGE GROUP 25-34

Among the younger age group (those aged 16 to 24), the share of internet users

Average CEO Salary in Georgia Amounts to USD 58,300

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of employees. In the boom phase before the year 2008 some managers were able to increase their salaries by 5 to 10% each year due to constant economic growth.

In the last few years top executive salaries were rather stagnant due to a difficult economic situation in many sectors. During the peak of the job crisis in 2009, many managers who were laid off were willing to accept an even 20 or 30% lower base salary in their new position leading to a momentary decrease of average salaries. In several cases, base salary cuts of top managers were traded with a higher bonus opportunity. Today, top executive salaries are increasing by around 3 to 5% per year on average. Last year, the average salary increase was 4.1%.

Q. How can executives

influence their compensation?

A. A top executive negotiates his salary package with the owner of the company, regional executives, or a compensation committee. His compensation is compared to market values through salary surveys conducted by independent consultancy firms (like Pedersen & Partners’ online compensation database). Also, the individual performance of the manager is taken into account when determining his salary.

Although an executive cannot create his own salary package there are several ways to influence it. In the short run, a top executive should focus on increasing his bonus by achieving short-term goals. The most frequent objective for top executives is the EBIT of the company. The bonus usually accounts for 20 to 35% of the cash compensation which can be increased

through better business performance.

In the mid run, an executive should take on more and more responsibility, be it for turnover, number of employees, other product or service lines, or new geographies. More responsibility usually reflects in a higher fixed compensation.

In the long run, a top executive should make great time investments in excellent business relationships. After all, it is impossible to be professionally successful on your own. Therefore, a top manager must have great relationships with his supervisors, his team and their employees, clients and business partners, external consultants, and even competitors. His long-term focus should be to build credibility and trust with as many people as possible. Interesting professional opportunities and higher salaries will follow.

Muslims and Islam: Key findings in the U.S. and around the world

Continued from p. 6

Nearly all Muslims in Afghanistan (99%) and most in Iraq (91%) and Pakistan (84%) support sharia law as official law. But in some other countries, especially in Eastern Europe and Central Asia – including Turkey (12%), Kazakhstan (10%) and Azerbaijan (8%) – relatively few favor the implementation of sharia law.

HOW DO MUSLIMS FEEL ABOUT GROUPS LIKE ISIS?

Recent surveys show that most people in several countries with significant Muslim populations have an unfavorable view of ISIS, including virtually all respondents in Lebanon and 94% in Jordan. Relatively small shares say they see ISIS favorably. In some countries, considerable portions of the population do not offer an opinion about ISIS, including a majority (62%) of Pakistanis.

Favorable views of ISIS are somewhat higher in Nigeria (14%) than most other nations. Among Nigerian Muslims, 20% say they see ISIS favorably (compared with 7% of Nigerian Christians). The Nigerian militant group Boko Haram, which has been conducting a terrorist campaign in the country for years, has sworn allegiance to ISIS.

More generally, Muslims mostly say that suicide bombings and other forms of violence against civilians in the name of Islam are rarely or never justified, including 92% in Indonesia and 91% in Iraq. In the United States, a 2011 survey found that 86% of Muslims say that such tactics are rarely or never justified. An additional 7% say suicide bombings are sometimes justified and 1% say they are often justified in these circumstances.

In a few countries, a quarter or more of Muslims say that these acts of violence are at least sometimes justified, including 40% in the Palestinian territories, 39% in Afghanistan, 29% in Egypt and 26% in Bangladesh.

In many cases, people in countries with large Muslim populations are as concerned as Western nations about the threat of Islamic extremism, and have become increasingly concerned in recent years. About two-thirds of people in Nigeria (68%) and Lebanon (67%) said earlier this year they are very concerned about

Islamic extremism in their country, both up significantly since 2013.

WHAT DO AMERICAN MUSLIMS BELIEVE?

2011 survey of Muslim Americans found that roughly half of U.S. Muslims (48%) say their own religious leaders have not done enough to speak out against Islamic extremists.

Living in a religiously pluralistic society, Muslim Americans are more likely than Muslims in many other nations to have many non-Muslim friends. Only about half (48%) of U.S. Muslims say all or most of their close friends are also Muslims, compared with a global median of 95% in the 39 countries we surveyed.

Roughly seven-in-ten U.S. Muslims (69%) say religion is very important in their lives. Virtually all (96%) say they believe in God, nearly two-thirds (65%) report praying at least daily and nearly half (47%) say they attend religious services at least weekly. By all of these traditional measures, Muslims in the U.S. are roughly as religious as U.S. Christians, although they are less religious than Muslims in many other nations.

When it comes to political and social views, Muslims are far more likely to identify with or lean toward the Democratic Party (70%) than the Republican Party (11%) and to say they prefer a bigger government providing more services (68%) over a smaller government providing fewer services (21%). As of 2011, U.S. Muslims were somewhat split between those who said homosexuality should be accepted by society (39%) and those who said it should be discouraged (45%), although the group had grown considerably more accepting of homosexuality since a similar survey was conducted in 2007.

WHAT IS THE DIFFERENCE BETWEEN SHIA MUSLIMS AND SUNNI MUSLIMS?

Sunnis and Shias are two subgroups of Islam, just as Catholics and Protestants are two subgroups within

Christianity. The Sunni-Shia divide is nearly 1,400 years old, dating back to a dispute over the succession of leadership in the Muslim community following the death of the Prophet Muhammad in 632. While the two groups agree on some core tenets of Islam, there are differences in beliefs and practices, and in some cases Sunnis do not consider Shias to be Muslims.

With the exception of a few countries, including Iran (which is majority Shia) as well as Iraq and Lebanon (which are split), most nations with a large number of Muslims have more Sunnis than Shias. In the U.S., 65% identify as Sunnis and 11% as Shias (with the rest identifying with neither group, including some who say they are "just a Muslim").

HOW DO AMERICANS AND EUROPEANS PERCEIVE MUSLIMS?

A Pew Research Center survey conducted in 2014 asked Americans to rate members of eight religious groups on a "feeling thermometer" from 0 to 100, where 0 reflects the coldest, most negative possible rating and 100 the warmest, most positive rating. Overall, Americans rated Muslims rather coolly – an average of 40, which was comparable to the average rating they gave atheists (41). Americans view the six other religious groups mentioned in the survey (Jews, Catholics, evangelical Christians, Buddhists, Hindus and Mormons) more warmly.

Republicans and those who lean toward the Republican Party gave Muslims an average rating of 33, considerably cooler than Democrats' rating toward Muslims (47). Republicans also are more likely than Democrats to say they are very concerned about the rise of Islamic extremism in the world and to say that Islam is more likely than other religions to encourage violence among its believers.

Also in spring 2014, we asked residents of some European countries a different question – whether they view Muslims favorably or unfavorably. Perceptions at that time varied across European nations, from a largely favorable view in France (72%) to a less favorable view in Italy (28%)



Dimitri Kumsishvili:

Minister of Economy and Sustainable Development of Georgia



"In 2016-2017, Georgia will have one of the highest economic growth rates in the region."

Valeri KVARATSKHELIA
FactCheck

On 30 October 2015, after the finalisation of the presentation of the International Monetary Fund Regional Economic Review, the Minister of Economy and Sustainable Development of Georgia, Dimitri Kumsishvili, stated: "According to the forecast of the International Monetary Fund, Georgia, as a reformer country, will have one of the highest economic growth rates in the region in the period of 2016-2017."

FactCheck verified the accuracy of the aforementioned statement.

The World Economic Outlook, published twice a year, is a study conducted by the International Monetary Fund which assesses the medium and long-term perspectives of economic development. The most recent of the Reports was published in October 2015. Chart 1 reflects the expected economic growths of Georgia and its neighbouring states as assessed by the International Monetary Fund.

As the above chart makes clear, according to the 2016 forecast data, Georgia holds the 5th place among the 13 countries of the region by its expected economic growth rate. According to the forecast data of 2017, however, it is only behind Turkmenistan and Uzbekistan. Among the bordering states, Georgia holds the first place by the

expected economic growth rate in 2016 and 2017.

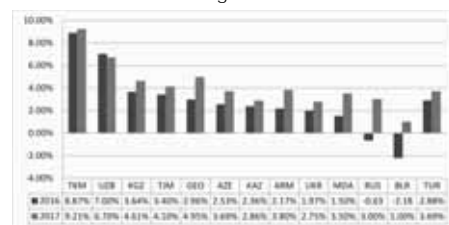
However, it should be pointed out that a 3% to 5% economic growth rate is not very high for a country with a developing economy. In addition, both Russia and Ukraine are, in fact, in a state of war which has obvious negative effects upon their economies. In the case of Russia, the international sanctions and the shock caused by the decrease in petrol prices must also be taken into account with this same shock having been experienced by Azerbaijan as well. It should also be noted that, due to the extent of economic integration, the economic problems in Russia have a much more serious influence upon the economies of Armenia and Belarus than upon the economy of Georgia. Turkey also faces considerable domestic and external challenges which have a negative influence upon its economy. In addition, the Turkish economy is much more developed than is the Georgian economy. Hence, given the basic

effect, the Georgian economy must be growing with a higher rate than a much more developed Turkish economy.

It should be taken into account that the forecast of the International Monetary Fund about the expected developments in the political and economic fields is based upon the current state of affairs and a set of assumptions. The forecast data are being reviewed according to new developments in specific countries, regions or the world economy in general.

The 2015-2017 forecast data are significantly different from those given in the October 2012 Report. In addition, the actual data from 2012-2014 do not coincide with the forecasts of the 2012 Report. The difference is always negative. Only in 2011 was the deviation positive and Georgia had a higher economic growth than was expected. Apart from the processes in the region, the direction of the deviation from the forecast data also depends upon the economic policies of the country.

Chart 1: Expected Economic Growth in Georgia and other Countries of the Region



CONCLUSION

ACCORDING TO THE FORECAST DATA PUBLISHED BY THE INTERNATIONAL MONETARY FUND, GEORGIA'S ECONOMY WILL GROW BY 2.96% AND 4.95% IN 2016 AND 2017, RESPECTIVELY. THIS IS THE HIGHEST GROWTH RATE AMONG ITS NEIGHBOURING COUNTRIES. AMONG THE 13 COUNTRIES OF THE WIDER REGION, GEORGIA WILL HOLD THE 5TH PLACE IN 2016 AND THE 3RD PLACE IN 2017. GEORGIA'S POSITION IN THE RATING CAN MOSTLY BE EXPLAINED BY THE ECONOMIC PROBLEMS IN THE COUNTRIES IN THE REGION. IN ADDITION, THE FORECAST RATE FOR GEORGIA'S ECONOMIC GROWTH IS NOT VERY HIGH FOR A COUNTRY WITH A DEVELOPING ECONOMY. FACTCHECK CONCLUDES THAT DIMITRI KUMSISHVILI'S STATEMENT IS MOSTLY TRUE.

MOSTLY TRUE



Kingdom of the Netherlands

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The FINANCIAL is read by nearly 75% of Top Financial Decision-makers in Georgia.

It reaches more CEO's than all Georgian newspapers combined.

Source: Global Idea