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## **POLITICS**



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### **ECONOMICS**

**Finance Minister: We should** refrain from new tax cuts and review older ones



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#### By NATALIA KOCHIASHVILI

r he Parliament of Georgia supported the new government - Prime Minister Giorgi Gakharia's cabinet and 2021-24 program aimed at preparing the country for EU membership application in 2024 -"For Building of a European State" with 85 votes to 0, as only the ruling party lawmakers participated in the voting. The PM underscored 4 key priority areas for achieving said goal, including economic development, social policy and human capital development, foreign policy, security, conflict resolution, and human rights, and public governance. Parliamentary committees held hearings of ministerial candidates on December 21-22, while PM Gakharia appeared in front of the lawmakers on December 23, during the session of the ruling Georgian Dream faction and vesterday, during a plenary session where he announced that the Government plans to reestablish the Ministry of Culture and Sport, which his predecessor Mamuka Bakhtadze abolished and merged with the Ministry of Education and Science as part of the small-government reform plan in 2018. Gakharia said that economic policy for post-pandemic recovery will prioritize macroeconomic stability and fiscal consolidation. The government will consider abolishing inefficient tax cuts and privatizing underperforming state-owned enterprises, he noted.

# Parliament approves new government with almost unchanged composition



• "Prime Minister Giorgi Gakharia

demic, improving social welfare programs, reforming the public health system for increasing access to universal healthcare will also be prioritized," PM Gakharia said.

Regarding security, he highlighted the need for increased pressure on Russia to fulfill its obligations, as well as to expand the EUMM mandate to cover the Kremlinbacked regions. He added the Government will continue working on 'peace initiatives' to build confidence and trust with the Abkhaz and S. Ossetian residents in the Russian occupied regions. He said the Government will prioritize Euro-Atlantic integration, cooperation on security issues with the Western partners as well as enhancing the strategic partnership with the U.S., including by working on a Free Trade Agreement.

The Parliament of Georgia confirmed late on December 24 the new 'old cabinet' led by PM Gakharia, composed of eleven Ministers, of which ten have retained their posts. The only new face in the cabinet is Gocha Lortkipanidze, the Minister of Justice, whose predecessor Tea Tsulukiani was elected to the Parliament. The newlyconfirmed Justice Minister is expected to step down in the following months, having been elected as an International Criminal Court Justice.

Gakharia, nominated by the Georgian Dream as a candidate for the post of Prime Minister, presented the almost unchanged composition and program of the government to the parliament on December 18.

Following Ministers, among them 4 women, retained their posts:

Minister of Foreign Affairs - David Zalkaliani

Minister of Defense - Irakli Garibashvili

Minister of Internal Affairs - Vakhtang Gomelauri

Minister of Economy and Sustainable Development – Natela Turnava

Minister of Finance - Ivane Machavariani

Minister of Regional Development and Infrastructure – Maia Tskitishvili

Minister of Environmental Protection and Agriculture - Levan Davitashvhili

Minister of Reconciliation and Civic Equality – Tea Akhvlediani

Minister of Internally Displaced Persons from the Occupied territories, Labor, Health and Social Affairs - Ekaterine Tikaradze

Minister of Education, Science, Culture and Sport – Mikheil Chkhenkeli

After the declaration of confidence by the Parliament, the President of Georgia Salome Zurabishvili issued a decree appointing Giorgi Gakharia as Prime Minister.

Opposition MPs are still in the boycott regime refusing to enter the Georgian legislature, thus none of the 60 opposition MPs attended the sitting. Most of them have already applied to the parliament to resign. All 8 opposition parties that crossed the border believe that their ruling party rigged the elections.

"In the wake of the COVID-19 pan-



> The new Georgian Parliament, elected through October 31 parliamentary election started operating on December 11.

By NATALIA KOCHIASHVILI

ransparency International ▲ Georgia (TIG) released a summary report on December 24 on the use of executive, legal, institutional, and financial administrative resources for the October 31 parliamentary elections. The report covers the period from July 1 to November 22.

According to the document, TIG assessed the changes in the election legislation in 2020 mainly positively. However, it also says that "there are still some major problems in the election legislation that work in favor of the ruling party and which the government has not shown the political will to solve." Among such issues, the organization named the unfair rule of staffing election commissions and the improper procedure of selecting commission members on a professional basis.

According to the organization, "during the reporting period, there was a tendency to use several types of institutional administrative resources, including the use of state-funded projects in agitation, mobilization of public servants and illegal agitation.

As for the use of state-funded projects in campaigning: The practice of visiting various public or private projects funded by the state or local budget by the rul-



TIG says observation of the parliamentary elections from July 1, to November 22, 2020, showed that the misuse of administrative resources during electoral processes is still problematic for Georgia.

The NGO says that the ineffective investigation of violence, the politicization of public institutions, including election commissions, and the mobilization of employees of budgetary organizations by the ruling party for Georgia's parliamentary election campaigns remain unchanged from election to election.

Noting that in response to the economic crisis caused by the spread of the coronavirus in the country, the ruling party presented "up to 20 socio-economic initiatives", the organization said that among these initiatives were several projects that "can be included in the category of uniquely motivated election costs.'

Speaking of election-related violent incidents, the organization noted that as of October 20, investigations had been launched into 59 cases, investigations into 6 cases had been terminated, and investigations into the remaining 53 cases were still ongoing; updated statistics after October 20 have not been made public by the MIA. Violent incidents were especially frequent in the municipalities of Marneuli, Bolnisi, and Dmanisi from the second half of September.

TIG also noted that "it was problematic for law enforcement officers to use water cannons against demonstrators gathered outside the CEC building on November 8 without proper reason and warning, during which several people were injured."

Underscoring that the imbalance in the summary protocols of the precinct commissions raised suspicions of election fraud, the organization said that "the vast majority of complaints and lawsuits filed by various entities remained unresolved and were not satisfied."

The report also states that the prosecutor's office was used to try to discredit the United National Movement. According to the organization, the pre-election context, the signs of a selective approach to the investigation, and the "populist statements made by the ruling party leaders in violation of the presumption of innocence" raise suspicions that the so-called "cartographers' case" serves election purposes.

"Also, as in the previous elections, secret audio recordings with the participation of leaders of opposition political parties were released. The purpose of disseminating the records seems to have been to discredit these individuals. This time, too, there was a legitimate suspicion that the recordings were created by special services and disseminated through foreign websites," the report reads.

Among many other recommendations, TIG wrote that investigative bodies should investigate the cases containing alleged violence and pressure against the parties involved in the election, vote-buying, and other signs of crimes as soon as possible; the MIA should proactively and promptly publish information on the progress and results of election-related investigations; the Prosecutor's Office and the State Security Service of Georgia should remain as far away from political processes as possible and they should not be used to discredit any political force for electoral purposes.



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# Finance Minister: We should refrain from new tax cuts and review older ones

PM GAKHARIA SPOKE ABOUT THE RECENT FINANCE ISSUE REGARDING TAXES.

#### By Nika Gamtsemlidze

ccording to the Minister of A Finance Ivane Machavariani's statement on December 24, a large part of tax cuts does not serve the purpose for which they were created initially. Machavariani said that in every situation, it is much more appropriate to help vulnerable social groups and to promote services for them than to come up with different types of cuts.

"I can give you many examples. In the previous parliament, there was a talk about liquefied natural gas, which is used in many regions and villages of the country. This happens because there is no natural gas available ... However, if you count it, you will see that there is a 20 million cut from the budget. We are losing 20 million GEL," said Machavariani.

He also added that in this type of situation, he agrees with the Business Association and those entrepreneurs who raised the issue, saying that taxation should be equated and that this cut does not serve its initial purpose anymore.

According to the Minister of Finance, the existing tax benefits should be reconsidered, and the government should refrain from imposing new benefits.

PM candidate Giorgi Gakharia also talked about the revision of tax benefits and cuts and the possibility of cancellation. Speaking at the session of the parliament, Gakharia said that in addition to tax benefits, tax agreements should also be revised.

Gakharia said that there are a lot of benefits in the tax system that are not effective anymore.



• Machavariani said that a large part of the tax cuts do not serve the purpose for which they were created initially.



• Gakharia said that the private sector is the main driving force for the country in this pandemic environment.

He believes that the new government will need to consider in detail all of these benefits to strengthen them in some places, and in others, probably cancel them altogether.

Speaking about government programs, Gakharia said that the government's efforts would focus on the following four key areas: 1. Foreign policy, security, conflict resolution, and human rights; 2. Economic development; 3. Social policy and human capital development; 4. State governance.

Gakharia also said that the private sector is the main driving force for the country in the pandemic. He said that it should create and maintain new jobs. He also said that social responsibility is the key component of the private sector.

# EU4Digital helps pensioners survive tough times in Georgia

he EU4Digital initiative L has shared a story on its website on how it is helping Georgia to introduce ePrescriptions and other eHealth services to healthcare.

In the article, an eHealth expert, an elderly woman from a rural area and a representative from the Ministry of Health talk about the advantages of digitalising the healthcare system.

Healthcare processes have become even more crucial in 2020. The COVID-19 pandemic has demonstrated the importance of digital initiatives in the health system. Therefore, technology has been a key part



of the EU's response to this unexpected global threat, and EU4Digital plans to extend its support for eHealth in the Eastern partner countries beyond 2021.

Georgia has shown that it is well placed to take advantage of digitalisation in the health sector, and a unified digital space would enable the country to provide improved care for the members of society who need it most.

Through the EU4Digital initiative, the EU supports the creation of harmonised national eHealth frameworks among the Eastern partner countries.