



GYLA Held Presentation of Two Researches

Since 2012 GYLA has been implementing a coalition project Identification of Cases of Elite Corruption and Government Pressure on Business in Georgia. On February 7, 2012, GYLA held a presentation of the following two researches in frames of the project – Tbilisi City Hall Project Kiosks Throughout the City and the Overview of Activities of Non-Profit (Non-Commercial) Legal Persons Founded by Local Self-Governments.

The Research Tbilisi City Hall Project – Kiosks Throughout the City has found the following

- Although law stipulates that the power to issue a consent for street vending falls under the purview of Tbilisi Architecture Service, the latter has made a number of groundless refusals for street vending. Further, the department did not provide any substantiation whatsoever for its requirement for interested individuals to apply to the Tbilisi City Hall's Property Management Agency to obtain a consent for street vending and bid in subsequent auctions.
- Tbilisi Department of Architecture Service did not extend the term of consent for street vending to the so-called privileged companies – Express Ltd. (formerly known as Wide Distribution), Outdoor.ge, Georgian Lottery Company Ltd., Magi Style Media Ltd., and Nugeshi Ltd. Upon expiration of permissions, kiosks of these companies were placed in violation of law;
- Express Ltd., Outdoor.ge Ltd., Magi Style Media Ltd., and Georgian Lottery Company Ltd. had not won and it is highly likely that have not participated in electronic tenders announced in frames of Tbilisi City Hall's project Kiosks Throughout the City, which confirms once more that their kiosks were placed in violation of law throughout Tbilisi.
- Tbilisi City Hall's Supervision Municipal Department did not pursue administrative

proceedings prescribed by law and make subsequent decision for dismantling kiosks of Express Ltd., Outdoor.ge, Georgian Lottery Company Ltd., Magi Style Media Ltd., and Nugeshi Ltd. placed in violation of law in Tbilisi.

- Government remains to be the majority shareholder in two of the so-called privileged companies, Express Ltd. and Georgian Lottery Company Ltd., with 70% of shares in each.

GYLA believes that the foregoing circumstances clearly suggest the necessity of Tbilisi City Hall's corresponding departments to have placement of kiosks of the so-called privilege companies throughout Tbilisi comply with the legal requirements, whereas the authorities must investigate the reason why these kiosks of the privileged companies remain in Tbilisi.

The other research, Overview of Activities of Non-Profit (Non-Commercial) Legal Persons Founded by Local Self-Governments has found the following:

- The General Administrative Code of Georgia, the Law of Georgia on Government Procurement and the Law of Georgia on Property of Local Self-Government Units fail to adequately ensure transparency of the work of non-profit (non-commercial) legal persons founded by local self-governments, and to regulate procurement or alienation of property by them;
- Local self-government and government units do not provide any justification when setting up non-profit (non-commercial) legal entities, or specify circumstances that serve as the basis for making such decision;
- In some cases, regulations do not provide mechanisms for regulating non-profit (non-commercial) legal persons founded by local self-governments, whereas in other cases existing mechanisms of control are not effectively utilized.

In view of the foregoing, GYLA deems the following necessary:

- Improve legal base to increase degree of transparency and accountability of non-profit (non-commercial) legal persons founded by local self-government and government units. In this regard, it is important to apply existing public procurement laws and regulations governing alienation of government property to the activities of the non-profit (non-commercial) legal persons. Further, they must be viewed as public agency in frames of the funding received from local self-government unit and be responsible for providing access to public information;
- Local self-government and government units, when setting up non-profit (non-commercial) legal persons, must provide corresponding justification and anticipated benefits from the work of the non-profit (non-commercial) legal person concerned. The obligation to provide justification must also apply to decisions, including amending regulations, reorganization or liquidation of the non-profit (non-commercial) legal persons, etc.;
- Local self-government and government units should comprehensively monitor the work of their respective non-profit (non-commercial) legal persons, in terms of evaluation of their work and spending. The legal persons must be imposed with an obligation to submit reports and the report must be discussed in detail by their respective founders. Further, these reports are public information and access to them should be facilitated when requested.