



## **GYLA Presented Results of Monitoring the Alienation of State Property for One GEL in Adjara A/R**

On April 30, 2012, in Batumi GYLA presented results of monitoring the alienation of state property for one GEL.

The monitoring has revealed the following:

- Some contracts for alienation of state property in Adjara A/R for one GEL lack appropriate effective mechanisms of control;
- Individual provisions of contracts were often amended. In majority of the cases, contracts were amended to change deadlines and the amount of fines. In some cases buyers were replaced by other companies;
- Some contracts had ambiguous provisions, not indicating the amount of investments to be made buyers.
- Property was alienated for one GEL without duly examining financial condition of buyers. The research has revealed that some of the companies that bought the properties had been set up several days before agreements were concluded.

Based on official reports obtained in frames of the monitoring, out of 36 pieces of property alienated in 2005-2013, obligations regarding investments to be made were met only in six cases, while contracts with 16 buyers were suspended for failure to fulfill obligations duly or at all. In remaining 17 cases, terms for fulfillment of obligations undertaken under contracts were extended.

GYLA believes that in the process of property disposal particular attention must be

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paid to financial condition of a buyer and respective experience. Contract provisions that deal with obligations regarding investments to be made by a buyer should have more clarity. Further, contracts should envisage effective mechanisms of controlling fulfillment of obligations.

The monitoring was implemented by GYLA's office in Adjara, in frames of a joint project Detection of Cases of Elite Corruption and Governmental Pressure on Business in Georgia funded by the Open Society Georgia Foundation (OSGF).