

საქართველოს ახალგაზრდა იურისტთა ასოციაცია GEORGIAN YOUNG LAWYERS' ASSOCIATION



GYLA Releases a Statement on Spending from Reserve Fund of the Government of Georgia in 2010-2012

As public is well aware, spending from the reserve funds of the President of Georgia and the Government of Georgia has been one of the fields that lack transparency most of all. Frequently information about spending from these funds could only be obtained following lengthy court disputes. Even so, information provided was mostly incomplete.

As spending from reserve funds has been drawing public attention, in view of high

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public interest GYLA publishes part of the information about some of the strands of spending from the reserve funds of the Government of Georgia envisaged by the 2010-2012 state budgets. Further, GYLA plans to provide public with broader information about spending from reserve fund of the Government of Georgia in 2010-2012, including following the 2012 parliamentary elections.

The analysis illustrates a number of different strands of spending from the Government of Georgia's reserve fund in 2010-2012. Similar to spending from the President's reserve fund, the Government of Georgia's reserve fund financed the following: business trips, concerts, New Year's celebrations, production of advertising videos and travel arrangements for sports fans to attend sports events. Further, funds were also used to boost capital of various LLCs set up in part with government's shares and to publish articles about the government in various foreign publications.

For instance, under one ordinance adopted in 2010, more than GEL 3 million was allocated for placement of videos advertising summer resorts in Georgia on various TV channels.

Notably, more than 1 million and nine hundred thousand laris were allocated for a single concert – MTV Georgia Live in 2011, whereas GEL 650 000 was allocated for travel arrangements and attendance of fans to the 2012 Summer Olympics in London.

Further, the analysis also shows that in 2010-2012 total of GEL 3 million was allocated from the government's reserve fund for a non-profit non-commercial legal entity the Foundation for the Development of Civil Institutionalism.

Amounts with total worth of more than GEL 22 million, allocated for the legal entity of public law Public Broadcaster in 2010-2011 are particularly noteworthy, including under a single ordinance that authorized allocation of GEL 13 million. Most of these funds was directed to Channel 3 of the public broadcaster (PIK). We'd like to recall that despite large-scale financing Channel 3 terminated broadcasting in October 2012.

GYLA would like to reiterate once more that the existing legal framework does not provide for any regulations that apply to spending of funds from the Government's Reserve Fund (or the President's Reserve Fund), basically granting a complete discretion to a decision-maker about allocation of funds. However, expediency of

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spending from the reserve funds is questionable in many cases, indicating the necessity of amending the existing legal norm.

The file enclosed contains some of the ordinances of the Government of Georgia authorizing allocation of finances from the Reserve Fund of the Government of Georgia in 2010-2012.