

# საქართველოს ახალგაზრდა იურისტთა ასოციაცია GEORGIAN YOUNG LAWYERS' ASSOCIATION



## GYLA Releases Information about the Fund Founded by Tbilisi City Hall

As public is already aware, in May 2012 GYLA published a report Rehabilitation Process Beyond the Façade, most of which focused on participation of the non-commercial non-profit legal entity Old City Rehabilitation & Development Fund, founded by Tbilisi Municipal Government, in the process of rehabilitation of historic districts of Tbilisi.

While working on the report, GYLA found out that from its 2005-2011 budgets Tbilisi Government transferred total of more than GEL 288 million to the Old City

Rehabilitation & Development Fund. However, we have not yet found a complete and comprehensive information about specific works funded from the budgetary resources allocated by Tbilisi Government for the fund.

Further, in the process of preparing the report, GYLA tried to obtain act of audit conducted by the Audit Service in the Old City Rehabilitation and Development Fund. GYLA was able to receive information about the act only in October 2012.

Although the act itself raises a number of questions, GYLA deems it important to provide public with part of the information laid out in the audit act, which reflects violations and various expenditures of the fund. At the same time, GYLA believes that it needs to be additionally examined whether these expenditures were purposeful.

The audit act points out violations, including financial loss suffered from paying lease; absence of hand-over acts for stationary supplies; failure to control making of payments by leasees for spaces leased and to use sanctions envisaged by the agreement; violations in agreements concluded with Artes LTD and In-C Ltd., absence of mileage logs in parallel with provision of fuel, etc.

From March 31, 2005, to October 1, 2010, the fund spent total of GEL 165,414,924 and received total of GEL 182,651,033 in income, including GEL 101,241,559 from funds deposited by the government and GEL 11,212,712 from sale of buildings (please see the enclosed document for additional information about expenses made).

According to the audit act, from January 1, 2007 to October 1, 2010, total of GEL 276,264,451 was transferred to the fund. However, running the information from the audit act against reports of fulfilling Tbilisi Budget and Tbilisi Government ☐ resolutions illustrates that from March 31, 2005 to December 31, 2010, Tbilisi Government transferred more than GEL 304 million to the account of the Old City Rehabilitation & Development Fund.

GYLA would like to reiterate once more that despite the number of foregoing expenses made by the fund, complete and comprehensive information about specific works funded from the budgetary resources of Tbilisi Government transferred to the fund and amount of financial resources spent on each works performed have not been made public. Further, the budgetary resources were spent in circumvention of the law on state procurement.

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Although currently the non-commercial non-profit legal entity Old City Rehabilitation & Development Fund has been officially liquidated, GYLA would like to apply to Tbilisi City Hall once more with a request to provide public access to reports submitted to the government of Tbilisi about activities undertaken by the Fund. Parliament of Georgia should apply to the State Audit Office for an ad hoc audit to examine all documents that may confirm lawfulness and purposefulness of expenses made by the Fund.