

# საქართველოს ახალგაზრდა იურისტთა ასოციაცია GEORGIAN YOUNG LAWYERS' ASSOCIATION



## Statement of GYLA on Promotional Campaign of the United Water Supply Company of Georgia

On July 18, 2012, the United Water Supply Company of Georgia LLC published information about a promotional campaign on its website. According to the news release, the company is launching a campaign, Pay only 50%. The campaign envisages reducing all unpaid water bills from 2010 to present for all customers in the regions by half. The campaign is effective from the fact that the campaign was launched on July 18 and will continue up until October 1 draws our particular

attention. According to Giorgi Kvashilava, director of the company, “the amount currently owed to the company approximately equals to GEL 5 million, whereas the campaign will allow the population to decrease amount of their bills. In frames of the campaign customers should apply to service centers throughout the regions for determining amount that they owe. Subsequent act will be delivered to their homes by the company’s water supply agent and their bill will automatically be reduced 50%”.

Since the state owns 100% of shares of the company and the campaign dates coincides with the pre-election period, raises certain questions and suspicions about whether it constitutes use of administrative resources or moreover, vote-buying.

Under the applicable Georgian legislation, direct or indirect offer/transfer of property or any other benefit to citizens for any other purposes constitutes a criminal offence. Therefore, the compliance of the campaign launched by the United Water Supply Company of Georgia with applicable election legislation shall be examined due to the following circumstances:

- 1) The state owns 100% of shares of the United Water Supply Company of Georgia. According to the Regulations of the company, director of the company is appointed or dismissed by chairperson of the legal entity of public law, Enterprise Management Agency (EMA), whereas chairperson of the EMA is appointed or dismissed by the Minister of Economy and Sustainable Development. The Minister, as a political official, has an unlimited right to participate in pre-election agitation and campaign. Such system of interdependence provides a convenient opportunity for using administrative resources in favor of the ruling party.
- 2) As reported by the company, the promotional campaign will be launched on July 18, 2012 and will continue up until October 1, 2012 – for the period of almost two months. The campaign dates suspiciously coincides with the period of pre-election campaigning. 2012 Parliamentary elections are scheduled to be held in October;
- 3) The campaign entails offering a property interest to customers throughout the regions. Specifically, 50% reduction of their water bills, which may amount to one of the components of vote-buying.
- 4) The campaign is impressively large-scale – it covers customers throughout the region with their bills of approximately GEL 5 million. We have found that app. 100

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000 consumers throughout the region are in debt with the water supply company. They can apply to up to 50 service centers of the company to benefit from the offer.

In view of the circumstances laid out in this statement, we call on the State Audit Service, Inter-Agency Task Force for Free and Fair Elections and law-enforcement authorities to

1. examine the aforementioned campaign launched by the United Water Supply Company of Georgia LLC;
2. determine the reasons for launching the campaign at the time it was launched and whether it is profit-oriented;
3. determine whether in the process of planning the promotional campaign representatives of the ruling party or political officials gave orders to the company's management;
4. determine whether there a criminal offence of vote-buying has been committed in favor of the ruling party;
5. take applicable measures prescribed by law after due, objective and comprehensive examination of circumstances of the case