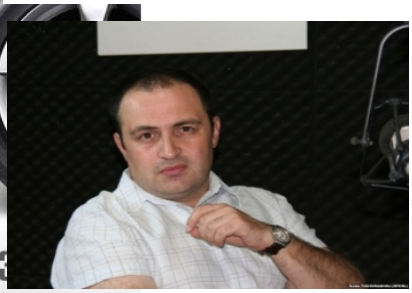




If there is such a thing as good leadership, it is to give a good example. – Ingvar Kamprad

Georgian privatization law lacks transparency

Written by georgianews.ge
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Tbilisi (BPI) - The law on privatization related procedures is still far from being perfect which makes the process non-transparent and the results less available for publishing. This is the message sent by non-governmental watchdog Green Alternative in its most recent report "Aggressive Privatization Policy or 'the Georgian Way of Privatization-2," aired on 28 February.

According to Nino Gujaraidze, Executive Director of Green Alternative, the law regulating privatization procedures as well as the implementation of the obligations assumed by investors underwent multiple amendments during the last two decades though it appears to be as ineffective as ever. Georgia approved the law on privatization in 1997 and 34 amendments were made to the law until 2010 when the regulation was reformed into the law on Sate Property. Starting from 2010, 22 more changes were made up to this day although none of them insured more transparency in the privatization process.

"I mean the entire process starts from the day the decision on property divesture, including the contract conclusion and access to the information on implementation the assumed terms, is made," Gujaraidze said during the presentation of the report. According to her, the changes were mainly aimed to enhance the number of property slated for the privatization while they were not the result of public consensus. The privatization regulation does not envisage public inclusion during the decision-making process. To get access to privatization related information remains complicated, which sometimes creates funny incidents such as the Ministry of Economy denying existence of a contract that is in fact published on the website of the Public Registry. To withhold information about the impact on the environment, the Ministry of Economy once denied that water is a part of the environment, Irakli Macharashvili, Coordinator of the Bio-diversity program at Green Alternative, elaborated.

Green Alternative, majoring in environmental issues, worries that the possible impact on the environment is the last and most neglected point on the list of state requirements towards the investor companies. On the other hand, it is hard and frequently a vain effort to track down owners of the investor company who acquired assets of enterprises that may have a harmful impact on the environment. The list includes investors in hydro generation and distribution, water supply, ore exploring and processing enterprises like GeoPro Mining, which is involved in the gold, copper and quartz [illegible]sing industry; Georgian Manganese Limited, who owns the ferro-alloy plant in Zestaponi, the [illegible]g industry in Chiatura and hydro plant cascade Vartsikhe; Georgian Industrial Group, who owns coal [illegible] and many more. Information on the owners of companies of either joint stock or limited responsibilities is unavailable. As a rule, owners are registered in offshore zones far from Georgia where even court cannot reach and/or identify the right person. This prevents legal procedures against the investors.

Information on how close the investors stick to the contracted obligations is beyond the public reach or hardly available, even if the contracts are defined as non-confidential by law. Green Alternative recommends authority to charge the State Audit Office of Georgia with research into the legality of the divested state property. Parliament should strengthen control on the way state structures now handle public information to prevent their latent secrecy. It is important to make an in-depth analysis on how legal these confidential contracts are. The controlling mechanism must be strengthened and become more effective through both comprehensive mandates and qualified personnel.

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