Priority area 1:

*Strengthen rule of law especially through reform of the judicial system, including the penitentiary system, and through rebuilding state institutions. Strengthen democratic institutions and respect for human rights and fundamental freedoms.*

**Judiciary**

The reform of Judiciary has been declared by the Government of Georgian as one of the key priorities for its reform program. The main goal of the reform is to establish strong, independent and effective judiciary instead of heavily corrupt, biased and extremely badly managed judicial system that was existed before.

The reform of the judiciary is being implemented in full compliance with the Criminal Law Reform Strategy and Action Plan of the Government of Georgia which was prepared in co-operation with EUJUST THEMIS.

Main directions of the reform include:
- Strengthened independence and impartiality of judiciary;
- Raised social guarantees for judges as well as non-judicial staff employed in judiciary;
- Systemic reorganization of judiciary ensuring effectiveness and efficiency of the whole judicial process;
- Human resource (both judicial and non-judicial) development;
- Development of infrastructure for the judiciary including construction of new buildings and provision of necessary technical equipment;
- Reform of established court/case management systems.

Actions undertaken for the implementation of the reform of judiciary justify the irreversibility of this process and strong commitment of Georgia to fulfilling this task.

**Legislative Amendments in Justice Sphere**: The important legislative amendments, including the Constitutional ones, have been implemented with a view to further reinforce the principle of delimitation of powers guaranteed by the Constitution of Georgia, and strengthen the independence of judiciary. The most substantial amendments in this
direction were to the Constitution of Georgia adopted on 27 December 2006 as a result
of which President was deprived of the right either to appoint or dismiss judges. The
authority was granted to the High Council of Justice, the decisions of which are
subsequently signed by the Chairman of the Supreme Court of Georgia.

Due to the same constitutional amendments High Council of Justice, which is the main
institution for initiating the judicial reform, has ceased to be the advisory body to
President and is instead chaired by the Chairman of the Supreme Court of Georgia.
Thus, President is no more *de jure* head of the High Council of Justice which became a
full part of judiciary.

According to constitutional amendments, the amendments were put into the organic law
of Georgia on Common Courts on 19 June 2007, which entered into force and has been
effective since 2 July 2007. Above mentioned amendments set the new rules;
- for the composition of the Council that enables that judges elected by
  Conference of Judges form the majority in the Council (8 of 15 members) and
  consequently are granted with the decisive vote in the decision making process. In
  addition, the Executive Secretary of the High Council of Justice, who also is the member
  of the Council, is now elected for three years period by the Conference of Judges upon
  the recommendation of the Chairman of the Supreme Court of Georgia in contradiction
  to the previous law which authorized the President to personally appoint the Executive
  Secretary for period of four years.
- for the appointment and dismissal of judges of district (city) and appeal courts of
  Georgia, that grants the High Council of Justice to mentioned authority.

In order to fully ensure that the decision rendered by a judge cannot be evaluated by
anyone except the higher judicial authorities, the amendments to the Criminal Code of
Georgia were already adopted by the Parliament on 4 July 2007, that decriminalizes the
adoption of illegal decision by a judge. The legality of the court’s decisions can only be
assessed as a result of disciplinary procedures initiated on the bases of the relevant law
and be discussed only by the Disciplinary Panel and Chamber. Therefore, a judge
cannot be held criminally liable for such a conduct.

The Law on the “Rules of Communication with Judges of General Courts of Georgia”
adopted by the Parliament on 11 July 2007 regulates the *ex parte* communication of a
judge and thus aims to guarantee even *de facto* independence and impartiality of
judiciary. The relevant provisions of the law ensure that from the moment of transferring
the case to the court until entering of the court’s decision into force as well as on the
stage of preliminary investigation the communication of parties to the hearings and
interested persons with a judge that is connected with the discussion of concrete case or
issue and violates the principles of independence, impartiality and competitiveness of
judiciary is prohibited. In case of such communication, a judge is obliged to immediately
inform about the latter the chairman of the court in written form (in case of
communication with the chairman the chairman of the superior court should be
informed). Infringement of the requirements of the mentioned law by a judge will be
considered as the violation of rules of judicial ethics that on its side will lead to the initiation of disciplinary proceedings against the latter. The law implies as well the obligation to pursue investigator, prosecutor and lawyer on the bases of disciplinary prosecution in accordance with relevant professional ethics codes in case the illegal communication of the mentioned persons with a judge will be revealed.

Elaboration of the relevant draft legislation for joining the organic law of Georgia on Common Courts and the law on the Supreme Court of Georgia has already been finalised and is initiated by the Committee of Legal Issues of Parliament and is submitted to parliament of Georgia at the end of the November 2007. Aforementioned draft law covers the issues regarding the principle of judge career and decentralization of state budget for common courts of Georgia.

For the year 2008, it is planned to elaborate the legislative amendments in Georgian Law on “Common Courts of Georgia”, according to which the new rules (criteria) of appointment of judges (after the graduation of school) will be defined. As in most European countries, only the graduates of this institution (except exclusions envisaged by law) will be eligible for the judicial selection process. Furthermore, the well-regulated career development system is being developed.

Disciplinary responsibility of Judges: Amendments passed to the Law on “Disciplinary administration of justice and disciplinary responsibilities of judges of common courts of Georgia” on 15 March and 29 December of 2006 emphasize full autonomy of judges from any branches of government except of judiciary. The Disciplinary Panel is formed at the High Council of Justice for the examination of disciplinary violations committed by judges. It consists of six members, three of which are judges of the common courts and are elected to the Disciplinary Panel by the Conference of Judges upon the recommendation of the Chairman of the Supreme Court of Georgia. The decision of the Disciplinary Panel can be appealed both on substantive as well as legal grounds to the Disciplinary Chamber of the Supreme Court (consisting of three judges of the Supreme Court), which reviews disciplinary cases substantially (with the former system it reviewed the issues within the cassation framework only, i.e. the case was not investigated) and represents the court of the final instance that hears the disciplinary issues of judges. The judges are granted the full opportunity to attend the hearing of disciplinary case by the Panel and the Chamber, to express their position and to defend themselves either through person or through legal assistance.

According to amendments to the Law on “Disciplinary administration of justice and disciplinary responsibilities of judges of common courts of Georgia” adopted by the Parliament on 19 July 2007 the existing concept of “gross violation of law”, which gave rise to various suspicions regarding the ambiguity of the mentioned concept, has been clearly defined. The law now indicates that only “the violation of imperative norms of the Constitution of Georgia, international conventions and agreements of Georgia and the legislation of Georgia that caused (or could have caused) the substantial damage to the party of the hearing, legal rights and interests of third person or public interests will be
regarded as the gross violation of law”. Besides, it is imperatively stated that the wrongful interpretation of the law that was based on intimate convictions of the judge cannot form the bases for disciplinary prosecution and the judge cannot be prosecuted for such a conduct.

**Improvement of social guarantees for Judges as well as non-judicial stuff employed in judiciary:** Salaries have been raised significantly; consistent raise of salaries for judges and non-judicial staff of judiciary was envisaged by the budget of 2007 as according to Georgian legislation budget for judiciary for the upcoming year cannot be less that for the current year which contributes to the financial independence of the judiciary. The budget for the current year (2007) equals to 35 912 million GEL [15 347 Euro]. The salary of judges in the first instance in 2006 was from 1450 GEL [619 Euro] to 1650 GEL [705 Euro], in 2007 raised up to 1550-1750 GEL [662 - 747 Euro]; in second instance Appeal Court in 2006 was from 1650 GEL [705 Euro] to 3000 GEL [1282 Euro], in 2007 raised up to 1750 [747 Euro] to 3100 GEL [1324 Euro] and in the Supreme Court in 2006 was from 3000 GEL [1282 Euro], to 4100 GEL [1752 Euro], in 2007 raised up to 3100 [1324 Euro] up to 4100 GEL [1752 Euro]. The maximum salary of common court personnel used to be 1100 GEL [470 Euro] in 2006. Since 1 January 2007, the maximum salary for court personnel raised up to 1250 GEL [534 Euro].

**To further continue reconstruction, modernization and reorganization of the court system:** The first fundamental change in the systemic organization of judiciary is already completed. Well defined sequential order of court instances has been introduced. Current organization of Georgian common courts is fully in line with classical systemic layout of judicial systems of European countries and is composed of first instance district (city) courts, second instance Appeals Courts (of which there are 2 in Georgia) and the Court of Cassation (the Supreme Court). Coherent and clear system of this type contributed significantly to the coherency of judiciary as well as development of consistent judicial practice both elements extremely important for proper functioning of the whole system of justice.

Next step in this direction will be the completion of the process of enlargement of small first instance district courts into the less but bigger district courts enabling establishment of more effective and efficient management of first instance courts as well as introduction of specialization of judges. Instead of 70 small first instance courts 21 larger district (city) courts will be established. Six enlarged district courts are already established in Tbilisi, Mtskheta, Khashuri, Akhalkalaki, Sachkhere and Gori. Apart from organizational benefits, enlargement of first instance courts enabled introduction of specialization of judges which in its own contributed to the raised level of quality of judgments as well as effectiveness and efficiency of judges, decreasing threat for undue delays of proceedings. It is important to underline, that in above mentioned 6 enlarged district courts cases are discussed in specialized panels - civil, administrative and criminal law panels.
Institute of Magistrate Judges is being introduced in judiciary in order to ensure that enlargement of first instance courts will not be to the detriment for the access to justice for persons in the remote areas. In addition, well defined subject matter jurisdiction for Magistrates in Civil, Administrative and Criminal cases raises efficiency for the first instance courts in general, basically freeing them from small claim cases in civil and administrative matters and pre-trial issues in criminal matters. Selection and appointment of Magistrates proceeds in line with the time-frames for the enlargement of first instance courts. 5 magistrate judges are already appointed in Mtskheta, Gori and Sachkhere district courts.

With the purpose of creating the proper technical and material conditions for judges and ensuring the unimpeded and speedy administration of justice, the intensive reconstruction/refurbishment of courthouses, creation/improvement of the material and technical environment for judges and their support personnel have been widespread throughout the country. As a result of intensive works implemented in this direction, 21 courts out of 24 large district courts of Georgia (including the Supreme Court and the courts of appeal) have been completely reconstructed, among them: Ozurgeti, Akhaltsikhe, Akhalkalaki, Zugdidi, Samtredia, Sachkhere, Ambrolauri, Zestaponi, Khashuri, Gori, Mtskheta, Telavi and Signagi district courts. Besides, Tbilisi, Rustavi, Kutaisi, Poti and Batumi city courts were also rehabilitated, and, in addition, 12 courts for magistrate judges were repaired, among them those of Akhmeta, Ninotsminda, Lentekhi, Tsalka, Tskaltubo, Shuakhevi, Abasha, Dedoplistskaro, etc.

Besides, the halls in all reconstructed courthouses were equipped with computers, sound amplifiers and microphones, also special equipment were installed for recording court sessions. Working rooms of judges and the personnel have completely been refurbished and totally equipped with computers.

Currently 20 district courts are connected to the integrated virtual network. Kutaisi City Court, also Tsageri district court will be involved in joint network by the end of 2007, and Bolnisi and Tetritskaro district courts – in 2008.

It is envisaged to introduce a special system of technical fixation of trials at all the courts of Georgia. This system will make it possible to record the trial simultaneously in a digital format, and as soon as the trial is over, it will be burned on the CD and short protocol of the trial will be printed out to be attached to the case. It will be possible to read the audio record of the session on any multimedia computer. Such systems are already operational at the Supreme Court of Georgia. By the end of the year it will start functioning at Rustavi City Court and in 2008 it is planned to install the system mentioned at all the enlarged courts.

**Gradual appointment of judges:** As a result of 3 qualification exams for judges and 3 competitions held, 42 new judges were appointed in 2007. Until the graduation of High School of Justice by first group of justice-listeners, appointment of judges will be
ongoing. In order to fill the existing judicial vacancies the competitions are held periodically by the High Council of Justice.

**The new format of the High School of Justice of Georgia:** During the September 2007, the selection competition has already been held for justice-listeners (a person who is designated to be a judge) and hence 11 students have been enrolled. Since the end of November 2007 the school is operational. Additionally, periodical retraining of judges and upgrading their qualification with the purpose of their professional refinement remains as one of the aims of the School.

The High School of Justice has been functioning since April 1, 2006. Its one of the most important functions – training of acting judges with the purpose of their professional perfection.

Since 2007 the School has started functioning in its full capacity as other than the central office (Tbilisi), regional training centers have also become fully organized in Batumi and Tskaltubo.

32 seminars and trainings were held for acting judges during 2007 in Tbilisi, Batumi, Tskaltubo, Gudauri and Bakuriani. The trainings were also held in Berlin, Germany (Berlin Higher Court) also for the Georgian and Azeri press-speaker judges, and in Wiesbaden – a joint training of Georgian and Armenian judges in civil law. It is planned to deliver 2 trainings for magistrate judges by the end of 2007.

With the purpose of establishing the common judiciary practice and based on the initiative of the Supreme Court of Georgia, a permanent commission has been formed on February 5, 2007 with the purpose of determining the guidelines for judges of general courts of Georgia for studying and generalizing the criminal judicial practice. After considering the current situation and experience of the countries of traditional democracy, the commission elaborated the sentencing guidelines which envisage various possible circumstances originating from the particular articles of the Criminal Code of Georgia. The guidelines and recommendations were elaborated for magistrate judges as well.

**Improved access to justice through the establishment of an effective Legal Aid System:** Government took first steps towards establishment of an effective Legal Aid system in 2005 when the Public Attorney Service (a Legal Entity of Public Law under the Ministry of Justice) was established. Public Attorney Service set up two Legal Aid Bureaus one in capital and another in the western part of Georgia, that were designed to pilot a Public Defender Office’s model of legal aid delivery. Simultaneously Council of the Public Attorney Service – a group composed with the representatives of Judiciary, government agencies, practicing attorneys and NGOs was working on the bill on Legal Aid. The bill was submitted to the Parliament and adopted in July 2007.

As it was defined by the Law on Legal Aid, new legal aid authority Legal Aid Service took place of pilot Public Attorney Service in July 2007. Legal Aid Service is an agency under the Georgian Ministry of Justice. Director and apparatus of the Service are
responsible for ensuring quality legal aid throughout the country. The law envisaged a
monitoring body of the Service – Monitoring Council composed of 7 members appointed
by the Minister of Justice.

Legal Aid is provided in Legal Aid Bureaus, which are offices with a number of full time
attorneys and a legal advisor, who along with the Service apparatus form a permanent
salaried staff of the service. The law envisages alternative models of legal aid delivery,
such as contracting privately practicing lawyers on case by case basis (where caseload
of the bureau so requires or the outsourcing is necessary for other consideration such
as conflict of interest) and in regions where Legal Aid Bureaus are not established
purchasing legal services from law firms or NGOs through public procurement rules.

Since May 2007 operational territory of Gldani-Nadzaladevi Bureau was extended, at
the moment Tbilisi Legal Aid Bureau with its 27 staff members covers the whole city. In
November 2007 Zestaphoni Bureau was altered into Zestaphoni division of Imereti Legal
Aid Bureau Situated in Kutaisi, which covers Imereti region. By November 2007, 8 Legal
Aid Bureaus were set up in different regions. Thus, state funded legal advice and
representation (in criminal cases only) are now accessible in Tbilisi, Imereti, Samegrelo,
Adjara, Kvemo Kartli, Shida Kartli, Mtskheta-Mtianeti and Kakheti regions. Two
consultation offices are going to be opened by the end of 2007 in Soouth Osetian
villages of Kurta and Eredvi.

Georgian Law on Legal Aid guarantees free legal consultations for everyone without any
restrictions, legal aid in criminal cases for indigent at the stage of preliminary
investigation and any ensuring court case and legal representation and assistance of
attorney in especially complicate non criminal cases for the people in need.

Any defendant has the right to request a legal aid attorney appointment at any stage of
the criminal case in person or though his/her legal representative or close relative. An
attorney can be appointed by the request of a defendant by an investigator, prosecutor
or judge. It is necessary to mention that during the transitory period until 2009 no
financial test is applied for providing legal aid in criminal cases which means that every
application has to be satisfied. Another reservation of the Legal Aid law is linked with
non criminal cases; Legal aid on certain category of strategically important civil and
administrative cases for persons below the poverty line will be ensured since 2009.
When the full scale system is in force, Legal Aid Service will use the database of the
Socially Vulnerable families formed by the Ministry of Health which is considered a
source of such determinations by the Law on Legal Aid.

In 2007 state budget allocated 1.5 mln GEL [641 000 Euro] to the Legal Aid Service;
furthermore Open Society – Georgia Foundation (OSGF) and Open Society Justice
Initiative (OSJI) financially supported the reform, provided equipment and furniture for
the newly opened legal aid offices, supported conducting of trainings for the new staff
and awareness raising on the state funded legal services. At the moment an IT case
management program and a website of the Service are being elaborated with their
support. For the 2008 about 3.0 mln GEL [1 282 000 Euro] will be secured in the state budget for the Legal Aid Service, OSGF and OSJI will fund the Service with about 200,000 GEL. [85 500 Euro] ABA/CEELI and NORLAG are considered among the donors of the Service.

At the moment Legal Aid Service employs 89 attorneys, 11 legal advisors, 13 assisting personnel and 4 employees of the apparatus i.e 117 persons. New lawyers are selected on competition bases.

The statistical data of 2007 shows the effectiveness and necessity of free legal aid service:

- From January 1 to November 30, 2007 the attorneys of the Free Legal Aid Service gave legal consultations on 1026 cases.

- As of November 30, 2007 there are 722 cases pending before courts with the participation of the attorneys of the Free Legal Aid Bureaus.

In order to ensure that the system of legal aid is ready to introduce free legal aid in criminal, civil and administrative cases throughout Georgia by 2009 the following measures are planned to be implemented in 2008:

- To change organization structure of the Service and increase staff members of the central apparatus;
- To find and refurbish appropriate office spaces for territorial bureaus (currently most of the offices are rented; it is planned to have the offices under the long-term leasing agreement);
- To provide bureaus with the appropriate material-technical base;
- To create an integrated communication system (computer network);
- To implement relevant measures for the popularisation of the free legal aid service.

**External legal assistance:** According to the data of the current year, various correspondence requesting the legal assistance was received from the following countries: Russian Federation, Ukraine, Belarus, Moldova, Azerbaijan, Armenia, Turkmenistan, Kazakhstan, Kyrgyz, Uzbekistan, Tajikistan, Lithuania, Latvia, Estonia, Germany, Turkey, Bulgaria, Greece, Spain, Sweden, France, United Kingdom, Denmark, Belgium, Austria, Ireland and Iran.

In case when the agreement, either bilateral or multilateral, in the sphere of legal assistance is absent with some state, the International Legal Relations Department actively cooperates with the latter with the assistance of Consular Department of the Ministry of Foreign Affairs of Georgia.
Unit of Mutual Legal Assistance demands the documents from foreign states. For the simplification of the procedure and decrease of defects the special forms of questionnaires and applications were elaborated. Also the forms for judiciary, particularly the notification on handling the documents (Georgian-English and Georgian-Russian forms) were elaborated that contain the requisites envisaged by international agreements.

Penitentiary System

During the last years, the fight against criminality has become more efficient and the level of corruption among law enforcement officers has been decreased significantly. Effectively functioning law enforcement institutions and the strong anti-criminal policy of the government had contributed to the growth of prison population. The growth was particularly vivid after the years of impunity. By the 1st December of 2007, there have been 19,224 inmates in the system. It should be underlined that the most of the inmates are convicted for gross violent and violent crimes sometimes even for recidivism.

The problem of overcrowding and general conditions in some of the Georgian prisons remains one of the concerns for the Government. It would not be an exaggeration to say that Georgia is one of the few countries, which managed to make significant progress in that field in such a limited period of time.

In order to address the above-said problems, Georgian Government takes two sets of measures:

- First, the reconstruction of the existing prisons and the building of the new ones;
- Second, that is more related to the process of prosecution, the decrease of custodial forms of measures of constraint. It should be underlined that in 2007 the use of bail increased to 58% of all criminal cases.

The level of overcrowding varies from prison to prison. It should be noted that the overcrowding is not the problem in all of the penitentiary institutions. As to December 1, 2007, from 17 Institutions under the Ministry of Justice, serious overcrowding existed in 5 institutions. These are: Rustavi Prison # 1, Ksani #7 general and strict regime institution, Batumi Prison # 3, Tbilisi Prison # 1 and in Zugdidi prison #4. As it will be shown below, the immediate steps with respect to the mentioned institutions are being taken that will have their positive effect in the nearest future.

Improvement of living conditions of the prisoners in the penitentiary establishments of Georgia: As mentioned, the Government of Georgia is fully committed to bringing conditions in Georgia’s prisons to accepted international standards. During 2006, out of approximately 13,000 inmates 4,000 were transferred to new prisons with much improved conditions of detention. It is planned to allocate entire prisons population with similar conditions as of years 2008-2009.
Construction of the new prisons is part of the Action Plan of 2007-2010 years for the Reform of Penitentiary System. The following penitentiary institutions have been/are being built:

**Rustavi Prison No. 2 (Strict and General Regime Institution)** - In line with the recommendations of the CPT, Rustavi No. 2 General and Strict Regime Institution was abolished. The building of the mentioned institution was fully reconstructed, refurbished and opened anew on December 2, 2006. More than 7 million GEL [2 991 000 Euro] was allocated for the construction works.

In April 2007, new second block of the penitentiary establishment #2 was completed. It fully meets international standards and is designed for 850 inmates.

**Rustavi Prison No. 6 (Strict Regime Institution)** – Rustavi Prison No. 6 started to operate at the end of March 2006. It was built with the support of the European Union and the United Nations Development Fund (UNDP) and fully meets the respective international standards. In August 2007, the 3rd block of the Rustavi Prison No.6 has been completed. It can accommodate 600 prisoners.

**Kutaisi Prison No. 2** - From December 2005, the Prison No. 2 operates in Kutaisi. The official capacity of the prison is 1840 places and currently hosts less than 1580 inmates.

**Khoni Prison No. 9 (Strict and General Regime Institution)** - On February 18, 2007, renovated Khoni Prison No. 9 was reopened. The prison accommodates 600 prisoners. The medical unit of the institution was refurbished and now it employee two doctors.

Apart from the above-mentioned construction of the following penitentiary institutions is underway or is planned to start:

**Gldani Prison** - the construction of new prison in Gldani District (Tbilisi) was completed and the new prison officially opened on December 10, 2007. The construction of prison started in 2006 and 44 mln GEL [19,298,245 Euro] was allocated from the state budget. Experts from Council of Europe actively participated in planning and construction of the prison, which meets all international standards. The prison consists of six blocks and the isolated block for hospital. There are cells for six or eight inmates. Systems of ventilation, heating and lightning meeting the international standards are installed in every cell. Shower facilities and laundry, as well as rooms for visitors, meeting with lawyers, library and kitchen equipped with all modern facilities are ensured in prison. Walking yards for outdoor exercises are arranged on the roof of the prison. Food is provided by the company revealed in tender procedures. The prison will host around 4000 inmates. 2478 inmates were already transferred from Tbilisi Prison N5, thus, totally resolving the acute problem of overcrowding in the latter establishment.

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1. The Action Plan is by itself the part of the Action Plan for the Reform of the Georgian Criminal Justice System.
**Prison No. 5 for Women and Juveniles** – construction of new block for 360 female prisoners has been in progress in the territory of Prison No. 5 for Women and Juveniles that will resolve the problem of overcrowding and improve the living conditions for prisoners. The construction is totally funded by the state budget as well.

**Geguti #8 institution** - Buildings on the territory of Geguti #8 are under capital refurbishment. It is planned that the capacity of the institution after refurbishment and reconstruction will increase from 900 up to 2500 places.

**Avchala Juvenile Institution** - basic renovation activities have taken place in order to divide the living space in smaller cells and allow the inmates for more privacy and comfort. Ten new showers and toilets equipment were installed.

**Rustavi Prison #1** - the capital refurbishment of the building designed for 700 prisoners at the territory of Rustavi #1 is under process.

**Rustavi Prison #1 and Qsani Prison #7** penitentiary institutions have been surrounded with fully new perimeters.

Second floor of **Tbilisi Prison #7** penitentiary institution has been fully refurbished according to international standards.

After the completion of the mentioned constructions the results achieved will be twofold: First, the new prisons will resolve the problem of overcrowding; second, it will significantly change the situation in terms of prison conditions, since all new prisons are being built according to the respective international standards with the participation of international experts.

Following sums were allocated for capital expenditures of penitentiary system in 2003-2007:

2003 - 200 000 GEL [85 470 Euro];
2004 - 768 000 GEL [140 000 Euro];
2005 - 768 000 GEL [140 000 Euro];
2006 - 10 238 000 GEL [4 375 213 Euro];
2007 - 67 086 000 GEL [28 669 Euro];

**Health Care**

*Ensuring Compliance with the Healthcare Regulations in Penitentiary Institutions and Introduction of the Outsider medical services*

The most significant measures taken in the direction of improvement of medical treatment in prisons has been taken recently. Georgia has introduced the system of insurance of inmates. Namely, in Autumn 2007 Department of Prisons announced an open tender for purchasing medical-insurance service for prisoners for 3 years. The
tender was won by the insurance company Aldagi-BCI and after contracting with Department of Prisons they became responsible for medical treatment of prisoners. The contract and therefore the insurance regime became operational since 1st November, 2007. The insurance plan provides extensive coverage of health care service. In special situations when due to the health condition of an inmate such expenditures are requested upon the motivated application of the head of Penitentiary Department, the full coverage is provided.

The medical personnel working with the prisoners is under the insurance provider and the Penitentiary Department has no authority either in their selection, promotion or dismissal.

The improvement of prison health care had been a priority of the Government even before the introduction of the insurance regime.

All prisoners undergo medical examination in the presence of a doctor and a report is made and attached to the prisoner's personal file for further reference. Besides, injuries of incoming inmates are documented and the data is sent to the Human Rights Protection Unit of the Office of Prosecutor General of Georgia and to the Ministry of Justice. The latter reacts to individual cases.

Transfer of prisoners to the Medical Institution for Convicts and Prisoners for examination and treatment is regulated by the Order #717 of the Minister of Justice dated 11 September 2006, pursuant to which the Medical service of the penitentiary institution (chief doctor) reports to the director of the institution, who on the basis of the chief doctor’s report issues an order to transfer sick prisoner to the Medical Institution for examination or treatment.

Besides, whenever a prisoner needs to undergo special examination or treatment that the local prison facilities or the Medical Institution for Prisoners and Convicts can not provide, he/she is transferred to outside hospital facilities. By the 1st September 2007, 125 prisoners have enjoyed the right (In 2006, 162 prisoners have enjoyed the right).

In the scope of Penitentiary System Reform several important activities were carried out:
- A joint commission of the Ministry of Justice and the Ministry of Labour, Health and Social Affairs was set up to study the matters concerning release of convicts for reasons of illness and draft a relevant opinion to be submitted to the court which shall to decide upon release of convicts.
- Number of vacancies of the medical personnel in the Penitentiary System has increased from 269 up to 360 in 2007.
- The amount for purchasing medicines for prisoners in 2006 was 295 000 GEL [126 000 Euro] and in 2007 the amount became 781 000 GEL [333 760 Euro].
- The amount for medical service for prisoners in civil hospitals was identified 50 000 GEL [21 367 Euro] in 2006, while it is 300 000 GEL [128 200 Euro] in 2007.
- The MOJ cooperates with Norway, France and Greece in providing as a humanitarian aid the equipment for medical units of the Penitentiary System.

All prisoners have access to the examination for tuberculosis and treatment in compliance with the standards and recommendations of World Health Organization. Special X-Ray equipment is only present in Prison #5, Prison Medical Institution and Tuberculosis Treatment Institution. Prisoners from all other institutions undergo examination in one of these institutions. C hepatitis, AIDS and other infectious diseases screening programs have been launched.

Currently, all prisoners diagnosed as BK positive, are placed separately from healthy inmates and receive adequate treatment. Besides, those inmates, who suffer from tuberculosis, are placed in the special Medical Institution for Convicts ill with tuberculosis.

On 5th of June, 2007, new cooperation agreement was signed between the Ministry of Justice and Ministry of Health, Labour and Social Affairs of Georgia and International Red Cross Committee in Georgia related to the assistance in running the programmes for the prisoners with tuberculoses.

Finally, the Department of Prisons takes measures to ensure that the prisoners with especially difficult health conditions, who cannot be treated within the penitentiary are release. In 2006-2007 seven prisoners have been released by the court based on the motion of the Penitentiary Department.

**Rehabilitation Activities**

With the assistance of various NGOs and international donors, the Department of Prisons is implementing various educational and work activities in the institutions. For the detailed list of educational and work programs and the number of inmates involved, please, see the chart below:

<table>
<thead>
<tr>
<th>Prison</th>
<th>Organisation Involved/Project name</th>
<th>Type of Program</th>
<th>No of Inmates</th>
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<td>Kutaisi # 2</td>
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<td>Atlantis</td>
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<td>NORLAG</td>
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<td>Inmates Civil Educational Programme</td>
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<td>Additional Opportunites in Closed Area</td>
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<td>Church chant group</td>
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<td>Prison</td>
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<td>Zugdidi #4</td>
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<td>Psycho-Social Rehabilitation Centre Empatia Public school Charity Fund <code>bells</code> Human Rights Information and Documentation Center UNICEF</td>
<td>Psycho Therapy Secondary Education Computers Courses Computers Courses Improved Standards of Care for Juvenile delinquents in the Prisons and Colony in Georgia</td>
<td>30 10 110 24 All inmates</td>
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<tr>
<td>Rustavi #1</td>
<td><code>The Center for Urgent Psychological Aid</code></td>
<td>Psycho Therapy</td>
<td>24</td>
</tr>
<tr>
<td>Women and Juveniles #5</td>
<td><code>Psycho-Social Rehabilitacion Centre - EMPATIA</code> ATLANTIS LTD <code>Georgian Felt</code> NORLAG</td>
<td>Medical Service-Therapy Antiviolence Network Working on felt Beauty Saloon</td>
<td>40 4 20 14</td>
</tr>
<tr>
<td>Rustavi #2</td>
<td><code>Preparation for Release</code></td>
<td>Psycho Therapy</td>
<td>10</td>
</tr>
</tbody>
</table>
In December 2007 in Rustavi #6 penitentiary institution was opened psycho-rehabilitation center “Atlantis” that implies psycho-rehabilitation program consisting of 12 steps of psycho-correction. Prisoners with drug or alcohol dependence are involved in mentioned program on voluntary bases. Such prisoners are placed separately in newly reconstructed part of the prisoner and follow the special time-table.

In 2007 the new concept of secondary and high education programs in penitentiary system was elaborated, which is fully in line with existing educational standards in Georgia.

With a view to education of prisoners the libraries of the penitentiary establishments were renewed and provided with modern literature. Besides, with the assistance of the Public Broadcasting, the Department of Prisons launched a large scale social campaign "Bring a Book to Prison". As a result, more then 10 000 books were brought in by citizens.

Along with the Penitentiary System Reform, Monitoring and Medical Supervision Department delivered about 1000 books to the different penitentiary institutions.

**Amendments to the Code of Imprisonment:** Due to amendments to the Law on Imprisonment of 29 June 2007 the possibility of granting sentenced person with additional visit was established. Decision of granting additional visit is made by the director of a prison on personal initiative, by petition of social department of prison or commission assigned in accordance with Article 93 of the Law on Imprisonment. The decision should be agreed with Security Service of the Department.

**Custodial and Non-custodial Measures:** Official statistical data show that the use of non-custodial measures have increased up to 59% in the first three months of the year 2007 (in 2006 non-custodial measures were used only in 43% of cases).

Since March 2005 Georgian legislation is very strict towards applying pre-trial detention. The pre-conditions ensure that the accused would not avoid appearing in the court, prevent him/her from committing further criminal activities, ensure enforcement of judgments, reasonable suspicion that the accused will commit a new crime, will not flee or interfere with the course of the investigation by replacing or fabricating evidences or threatening witnesses.
Bail is not the only non-custodial measure envisaged by the Georgian legislation. Georgian courts are also efficiently using other alternative measures to imprisonment such as personal guarantee and placement of a juvenile defendant under supervision.

**Probation System**

The new law on “Non-Custodial Punishment and Probation” entered into force on 17 July, 2007, according to which the Non-Custodial Punishment and Probation Department of the MOJ was formed as the National Agency of the Non-Custodial Punishment and Probation of the MOJ that ensured the financial independence and sustainability of the Agency.

In recent years, annual budgetary resources of the probation system is increasing rapidly and in 2007 1,056,000 GEL [451,282 Euro] was allocated in the State Budget, while in 2006 it was only 594,700 GEL [254,145 Euro].

It should be underlined that number of probationers is increasing and if in 2006 they were 9,500 probationers, by the 1st November of 2007 the number reached 15,113. Due to abovementioned significant increasing tendencies in 2007, the state increased the number of staff working in the National Agency up to 140. The average salary for the staff increased from 208 GEL [89 Euro] up to 390 GEL [167 Euro].

In 2006-2007 all probation officers have passed through special training program in Penitentiary and Probation Training Centre.

The National Agency cooperates with different international organizations and in the beginning of 2008 in the frame of the ongoing TACIS project all probation burros and Headquarters of the National Agency will be fully equipped with vehicles and office equipment.

**Changes in the Law on “Non-Custodial Punishment and Probation”:** The new law on “Enforcement of Non-custodial sentences and Probation” was adopted by the parliament of Georgia on 19 June 2007.

According to the law the Non-custodial Service and Probation Department was transformed into subdivision of the Ministry of Justice – The National Service of Enforcement of Non-custodial sentences and Probation. Pursuant to the new law the probationer can not leave the country without the prior permission of the head of the bureau. Upon granting such permission probationers, except juveniles and indigent probationers, should ensure the payment of fee determined by law to state budget. The amount of the fee paid differs depending on the length of departure. The mentioned provision guarantees that the reason for leaving the country is reasonable, necessary and properly grounded. The new law also sets regime of appearing at bureaus for suspended convicts and persons conditionally released before the expiration of the term.
of imprisonment, the rules of imposing fines in case of violating the requirements of the law. According to the law by the time of entrance into force of the new law the probationers have to appear at bureaus once a year. As to juveniles they have to appear no more than once a week (previously they had the obligation to appear three times a week) that gives the latter the possibility to lead the normal life without any unreasonable restrictions.

**The UNICEF Project for juvenile probationers:** With the assistance of UNICEF and in cooperation with the National Probation Service of the Ministry of Justice of Georgia new two year diversion programme is being launched for the juvenile probationers since December 2007. The program specifically aims to:

- address the needs of juveniles and their offending behaviour in a holistic manner;
- reduce the frequency of re-offending and consequently crime; and
- ensure that wherever possible young people are able to continue to live with their families during the rehabilitative process.

Juveniles who have committed a crime but where subject to conditional sentence, also those who were pre-conditionally released from prison form the main target groups of the project. At the initial stage the project will cover probationers from Batumi and Rustavi and afterwards may extend to other cities of Georgia.

The juveniles mentioned will be involved in diversion programme on voluntary bases. The project will offer to probationer juveniles various types of assistance. Particularly:

- Individual and group rehabilitation work
- Psychological assessment and support
- Family work (project staff will identify and assess specific problems and assist the probationer and his/her family to address these issues)
- Remedial education
- Vocational training

Project participants may as well be offered other activities, such as healthy living and civic education classes, sports and excursions.

Within the frame of starting project two round tables were held – one in Rustavi and one in Batumi. The event aimed at the acquaintance with the probation officers, the problems related and defining objectives that would best contribute to the effective implementation of the project.

**Improvement of training for the staff of penitentiary and probation institutions:** The Government of Georgia has been taking effective measures to introduce uniform recruitment standards for the prison staff, provide them with adequate training and create decent work condition that contribute to the effectiveness of the system.
Recruitment: The Government of Georgia took significant steps to improve the selection process of the prison staff. It is implemented through open competitions that ensure the equal job opportunities as well as high level of preparation of the persons hired.

Trainings: Creation of the Training Center for Penitentiary and Probation on 2 November 2005 constitutes a significant step towards the improvement of the training of the prison staff. The main purpose of the aforementioned Centre is training / retraining of qualified personnel for penitentiary and probation system. The Centre, supported by the SIDA, UNDP, NORLAG, Organization for Security and Cooperation in Europe (OSCE) mission to Georgia and UNICEF designs and conducts professional training for the penitentiary staff and probation officers throughout Georgia in areas such as: human rights standards, role and objectives of the penitentiary and probation service, classification of crimes, relevant legislative framework, physiological aspects, rehabilitation programmes for the prisoners and their preparation for release, also social re-adaptation programmes for the former convicts.

On 28 April 2006 an amendment was introduced to the Law of Georgia on Imprisonment, under which only the officers (except for the Chairperson of the Department) of the penitentiary system may be appointed to their offices only after taking training courses at the Penitentiary and Probation Training Centre.

In addition, on 1 March 2006 with the financial support of Swedish International Development Agency (SIDA) the 24 month project “Training Centre for Penitentiary and Probation” was launched and is still running, with the budget 947 561 USD. The Project aims to equip the training center with modern standards, modern utilities and develop different training programs.

The budget of the Training Center for Penitentiary and Probation for 2007 financed from the state budget increased to 300 000 GEL [128 225 Euro].

833 000 GEL [355 982] was allocated for the refurbishment of the Center. The refurbishment works had been underway form May till November 2007. The company carrying out the works was selected through open tender.

As of November 2007 the Training Center trained 1065 penitentiary and 37 probation officers among which 589 – basic training courses, 69 - management training courses and 407 – regime and security services training courses.

The training curricula has been prepared for the year 2008 that envisages the separated basic training courses for officers (85 hours), private personnel (67 hours) and senior officials (42 hours) of penitentiary system and specialized training courses for social workers (88 hours), security services officers (30 hours) and regime officers (66 hours) of the same system. Additional program is foreseen for social workers dealing with juvenile convicts in the penitentiary system (8 hours). Curriculum also implies the basic
compulsory training for probation officers (53 hours). The trainings mentioned among other relevant courses imply trainings in international standards on treatment of prisoners, prohibition of torture, rights of prisoners, rehabilitation programs for prisoners, ethical issues, rules of use of firearms, peculiarities of working with juvenile delinquency, psychology of juvenile offender, etc.

With the support of the nongovernmental organization “Tanadgoma” social workers and medical personnel of Tbilisi Prison No.5 for women and Juveniles as well as Avchala Juvenile Institution have undergone trainings of Prevention of HIV/AIDS and Hepatitis.

Besides, within the framework of the TACIS Penitentiary and Probation Reform in Georgia project it is projected to conduct additional training for the prison staff on number of issues, including prisoners’ right and security issues.

Work conditions: As regards the conditions for work, before, dramatically low salaries of prison service officials not only resulted in unacceptably high cadres’ drain, but created ample room for corruption and informal arrangements. In the first instance, the salary of the newly appointed prison governors was raised from 200 to 1,000-1,800 GEL [85 470 to 427 350- 769 230 Euro]. Also, salaries of the new prisons’ employees were immediately brought to an acceptable level. Besides, it also should be noted, that the salary fund for the employees of the Department of Prisons increased by 127% compared to the year of 2006. This allowed the Department to further increase salary. As an additional measure to assure sustainability and reduce draining of professionals, it is planned to tie salaries in the Department to relevant service ranks in Police as well as further institutionalise a system of promotions. As a result of measures already implemented, Department staff turnover rate has considerably decreased.

Strengthening the System of Execution of Court Decisions

Department of Enforcement of Judgments controls the enforcement bureaus (totally 11), which are territorial organs and are placed according to the regions; coordinates the process of enforcement for the timely and effective execution of court decisions; gives the appropriate instructions to executors; discusses the complaints/announcements and acts on them accordingly; fulfils the statistics and analyses of the enforcement process; discusses the official disputes; implements other rights and responsibilities defined by law. The Minister of Justice appoints the court enforcement officer on competition bases upon the recommendation of the Head of the Department.

During the year 2007 a number of activities aimed at developing the enforcement system and facilitating its effective functioning were carried out. Namely:

- Funding of the Enforcement System increased three fold and amounted to 3 451 400 GEL [1 474957Euro] (In 2006 the budget of the Enforcement Department equaled to 1 255 052 GEL [536 347])
- The average salary of court bailiffs and enforcement policemen increased by 150%, reaching 600 GEL [256 Euro]. Salaries of the staff of enforcement department apparatus increased by 30%.
- The number of employees of the Enforcement system increased by 40 and now there are 130 people working in the system.
- 10 new automobiles (VAZ-2107) were purchased and conveyed to the Enforcement Bureaus.
- The Department and the Enforcement bureau of Tbilisi were provided with 25 new computers, 2 servers, 4 printers, the room for installing servers was refurbished, 60 network points were installed.
- AA specialized software program was created which is being tested in Enforcement bureau of Tbilisi.

With the aim of getting acquainted and sharing the foreign experience cooperation has been established with the Enforcement Chamber of Lithuania and the Enforcement Service of Sweden. Within the framework of the abovementioned cooperation 2 study visits to Lithuania and Sweden and also the return visits to Georgia took place. A joint 18 month long project was elaborated aimed at facilitating development of the Georgian Enforcement System. For financing the project will be introduced to the Swedish International Development Agency and the Ministry of Foreign Affairs of Lithuania.

Due to the implementation of the abovementioned activities the number of the enforced judgments and the amount of sums raised for state budget has considerably increased.

The indicators of 2003-2007 years give possibility of making the comparison:

<table>
<thead>
<tr>
<th>Accounting Period</th>
<th>Number of cases to be executed during the year</th>
<th>Number of enforced cases</th>
<th>Number of completed cases</th>
<th>Sums transferred to the state budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>30507</td>
<td>9701</td>
<td>15256</td>
<td>1 300 519,56 [555 777 Euro]</td>
</tr>
<tr>
<td>2004</td>
<td>28565</td>
<td>9788</td>
<td>9613</td>
<td>6 142 293,25 [2 624 911 Euro]</td>
</tr>
<tr>
<td>2005</td>
<td>32031</td>
<td>8310</td>
<td>7682</td>
<td>1 430 790,63 [611 448 Euro]</td>
</tr>
<tr>
<td>2006</td>
<td>87919</td>
<td>26166</td>
<td>10631</td>
<td>8 226 621,26 [3 515 650 Euro]</td>
</tr>
<tr>
<td>2007 (10 months data)</td>
<td>142721</td>
<td>46157</td>
<td>14621</td>
<td>16 240 828 [6 940524 Euro]</td>
</tr>
</tbody>
</table>
The reforms concerning the harmonization of Georgian law on Enforcement with European standards and the creation of debtors’ registry, where the interested persons on the bases of procedure established by law will be able to get information about indebted persons, are underway.

**Enhance Further Development of Forensic Field**

The structure of the National Bureau of Judicial Expertise was partly changed and renewed on the bases of the Order of the Minister of Justice of September 4, 2006. Particularly, the Financial, Material and Human Resources Provision Service was established and several other units were optimized that gave the opportunity to direct more funds to strengthening the expertise units and laboratories as well as increasing the salaries of experts and other employees more than three times (e.g. the monthly salary of expert increased from 280 up to 920 GEL [120 – 393 Euro], of laboratory assistant – from 120 up to 420 GEL [51 – 179 Euro]) that contributed to more efficient and productive operation of the Bureau.

The intensive improvement of material-technical bases of the Bureau as well as the inculcation of the new methods of expertise research has been launched and is still ongoing; territorial-structural units are being optimized and the buildings - reconstructed and equipped with modern high level laboratories and equipments. Particularly:

- The building of the Bureau itself has been refurbished and chancellery, the room for receiving evidence and the public reception was equipped in line with the international standards;

- Biological (DNA) laboratory was reconstructed and equipped with up to date (ISO) standard device; the laboratory employees passed the special training in high level laboratories of Europe and the European Experts’ Association (ENFSI) declared the official consent on accedence of DNA expertise laboratory to European Experts’ Association as a result of which on September 11-15 in Rome the special presentation of accedence was held;

- ISO and ASTM standards laboratories of general chemistry and oil and oil products quality control were installed and already exploited. For the laboratory of drugs, toxic substances and pharmaceutical (preparation) expertise the immune-enzyme flatbed analyzer, equipped with the modern methods of research, has been acquired that gives the opportunity to detect in 3-6 months period the trace of drugs or other toxic substances on the bases of biological analyze of hair;

- The newest program PC Crash 8.0 that is the modeling program for traffic accidents that implies various accident situations was acquired for auto-technical expertise. The program provides the complicated kinematic calculations and the realistic modeling of traffic accidents;
Engineer-technical and judicial-expertise units were equipped with modern computer programs and technical facilities; the operation of dactyloscopic base was renewed and the draft legislative project about dactyloscopy was prepared. Also the ballistic laboratory was furnished in accordance with international standards and the laboratory employees attended the trainings in the USA and Poland;

New structural unit – fire-technical laboratory – was created;

On the bases of agreement between the Ministries of Justice and Nature Protection, under the aegis of International Agency of Nuclear Energy, the high level radiological laboratory was created and operated. The laboratory experts passed the appropriate training and gained the qualification of international experts. The laboratory operation covers the Caucasus region;

Two buildings were gained for judicial-psychiatric and judicial-medical expertise where the reconstruction-rehabilitation works are being conducted;

On the bases of decision of the government of autonomic Republic of Adjara, Adjara regional expertise service was provided with the laboratory of water and food quality control, equipped with modern technologies; nowadays the installation of the laboratory is ongoing.

On the bases of amendments to the agreement on cooperation in rule of law between the governments of Georgia and US of June 18 2001, the rehabilitation of the building of Bureau with the aim of creating the modern (ISO) standard laboratories is ongoing. Under the same agreement in the regions of Georgia (Kutaisi, Batumi, Rustavi) the special centers for receiving evidence were reconstructed according to modern standards; they are now being technically equipped. The same centers are planned to be established in Telavi and Akhaltsikhe that will enable judiciary, investigation authorities and private (legal) persons to receive the expertise service locally, without traveling to Tbilisi.

Prosecutor’s Office

Statistic: On 8 January 2007 unified statistics database of the prosecutor’s system was put into operation. In order to ensure the effective utilization of the afore-said program, the representatives from all the district prosecutor’s offices throughout the Georgia were trained with regard to the issues related to the operation of the program gradually in the I, II and III quarters of 2007.

In October, 2007 Organizational and Analytical Unit of the Office of the Prosecutor General of Georgia prepared the Manual “Analytical Research on the Criminological
Situation in Georgia" and distributed it among relevant officials in the Prosecutor’s Office and other governmental institutions.

At the moment, relevant specialists are working on the creation of the program of joint statistic database for the Prosecutor’s Office and the Ministry of Internal Affairs of Georgia.

**Trainings:** The Office of the Prosecutor General of Georgia has introduced the program for the education and retraining of the officials of the prosecutors offices throughout the territory of Georgia. The program covers the issues related to the general legal disciplines, certain institutes in the Criminal Procedural Code of Georgia, the tactics for the investigation of certain crimes. The purpose of the trainings is to educate and increase the qualification of the officials of the prosecutors’ offices as well as the creation of specialized staff for the investigation of certain types of crimes.

The training courses at issue were divided into three different directions the conduct of which was schedules gradually for each of the quarter of 2007. Trainings of I direction entirely and that of the II direction partially are completed for the moment. The completion of the III and the remaining part of the trainings of II direction is planed for the end of December 2007. At the end of the program over 630 officials of the prosecutors’ office, the Ministry of Internal Affairs and the Police Academy will have been trained.

In 2007, all the prosecutors and investigators of the prosecutors’ office have passed the seminar courses on the following issues with regard to the new criminal procedural code of Georgia: discretionary prosecution, communication with witnesses, evidence, introduction of case files. The trainings were organized by the British Council with the assistance of the Office of the Prosecutor General of Georgia within the framework of the Procuracy Reform Project. Over 630 investigator and prosecutors have been trained as a result of the program. Under the same Project the prosecutors in Tbilisi and in the city of Batumi were trained in the contemporary management techniques. British Council in addition funded and supported the conduct of the trainings in legal writing. The group of specially selected prosecutors and investigators were trained as trainers. Later on, formers themselves conducted seminars for the prosecutors and investigators in different district prosecutor’s offices.

Trainings for trainers with regard to the new criminal procedural code of Georgia were also conducted with the support of US Department of Justice. The selected group of prosecutors attended the course of trainings conducted by the authors of the Code and foreign experts every month of the year. At the end of the month prosecutors would themselves deliver seminars on the issues they were trained in.

Within the framework of the joint program of European Union and the Council of Europe for the Ukraine and South Caucasus trainings for trainers and the trainings for the judges and prosecutors from all the regions of Georgia were conducted in the sphere of human rights law.
Establishing the Network of Cooperation and Information Exchange with EU Member States: In 2007 Georgia made several important steps towards the establishing the network of cooperation and information exchange with EU member states.

In June, 2007 the Office of the Prosecutor General of Georgia concluded the Memorandum with the National Antimafia Bureau of Italy on the “Mutual Cooperation for the Exchange of Information and Technical Assistance on Matters of Organized Crimes”.

In 2007, the Office of the Prosecutor General of Georgia also prepared a draft Memorandum between the Office of the Prosecutor General of Georgia and Attorney General’s Office of the Republic of Cyprus on Enhancing Mutual Cooperation in Criminal Matters. The decision to draft an additional document that would regulate the bilateral relations in criminal matters between two countries in more details in addition to Council of Europe Conventions was reached as a result of negotiations and consultations with the competent authorities of the Republic of Cyprus.

The Draft Memorandum has been submitted to the Attorney General’s Office of the Republic of Cyprus for the consideration. The Memorandum will be concluded after the final text is adopted by both states.

The negotiations for the establishment of similar treaty relations are under way with other EU member states.

Ministry of Internal Affairs

Structural and Institutional Reform:

- Within the Ministry of Internal Affairs, the Main Unit For Human Rights and Monitoring has been established. Basic functions of the Unit comprise supervision of implementation of fundamental human rights in the Temporary detention facilities of the Ministry of Internal Affairs, by revealing cases of violations and reacting to allegations of violations.
- According to established procedure, every person entering temporary detention facility of MoIA, is recorded in the Registry (Journal) kept by the Main unit and the person undergoes compulsory medical examination; apart from findings of physical examination, allegations of mistreatment are also recorded in the Registry, and if the grounds suffice, transferred to the General Inspection for further study of the matter.
- Since the establishment of the Main Unit for Human Rights and Monitoring, cases of ill-treatment in temporary detention have drastically reduced.
- The Ministry of Internal Affairs of Georgia determined and established as an obligation for all the policemen to provide each detainee with the complete list of his/her rights envisaged by the criminal procedural legislation of Georgia. The document, which is handed over to the arrestee upon his apprehension is drawn up
in line with the amendments to the Criminal Procedure Code and thus, includes the complete list of the rights of the detainee. The document is prepared not only in Georgian, but also in minority languages for the regions with ethnic minorities.

- On the basis of Memorandum of Understanding between the Ministry of Interior and the Ombudsman of Georgia, signed in 2004, representatives of NGOs specifically authorized by the Ombudsman can, without prior notice to the authorities, enter Temporary detention facilities with the objective of revealing the facts of violation of human rights of the detainees (similar right has been granted to NGO representatives with regard to Penitentiary institutions on the basis of Presidential Decree #309 of 3 August 2004)

**Infrastructure Development:** Temporary detention facilities are being refurbished and reconstructed to meet international standards. Since 2006 following temporary detention Isolators in Tbilisi and in the regions have been refurbished:

- Tbilisi #1 and #2, Mtskheta, Mestia, Bolnisi, Batumi, Zestaponi, Sagarejo, Kvareli, Akhalgori, Kutaisi, Rustavi, Marneuli, Akhaltsikhe, Aspindza, Bordjomi, Telavi, Tchiatura, Senaki, Signagi and Poti.
- Refurbishment works are underway in following Temporary Detention Isolators: Zugdidi, Chokhatauri, Gurjaani and Khobi.

**Human Resources:**

- In 2006-2007, employees of temporary detention cells – wardens – were recruited through open competition and trained in the police academy with a specially developed curriculum focusing on human rights issues.
- In its effort to improve training of the staff the ministry focused on strengthening of the renewed Academy of the MIA (former Police Academy) as a permanent training facility of the MIA personnel - for newcomers as well as for developing expertise of the experienced staff. It must be noted that human rights are integrated into the curriculum of basic police training.
- Apart from human rights courses integrated into regular training of police personnel, the MIA with its Academy, and in some cases with participation and support of EU member states, carries out specialized, case oriented studies, where human rights element deserves special attention from organizers and trainers. Emphasis is drawn to the prohibition of the use of any physical or psychological coercion and the importance of respect for human rights. Special care is devoted to informing police officers on human rights issues related to torture and trafficking in persons, as well as among other aspects of daily work of the policemen, cases of domestic violence, reasonable use of force and weapons, etc.

**International Agreements of Georgia on Exchange and Mutual Protection of Classified Information**

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2 Georgia is negotiating following draft agreements: Draft agreement “Between Georgia and the Czech Republic on Exchange and Mutual Protection of Classified Information”; Draft agreement “Between the
- New Agreement “Between the Government of Georgia and the Government of the Republic of Bulgaria on exchange and mutual protection of Classified Information” – signed at Tbilisi (Georgia) on July 9, 2007; not in force, the procedure of ratification is ongoing

**Agreements in the pipeline - Agreements with the counterpart agencies of the following states are being negotiated upon the initiatives of respective states:**

- Agreement on Cooperation in the Police field between the Ministry of Internal Affairs of Georgia and the Ministry of Internal Affairs of Austria;
- Agreement on Cooperation between the Ministry of Internal Affairs of Georgia and the Ministry of Public Security of the Peoples Republic of China;
- Agreement on Cooperation in the Police field between the Government of Georgia and the Government of France;
- Agreement between the Government of Georgia and the Government of Greece on Cooperation in the Fight against Terrorism, Illicit Traffic of Drugs and Organized Crime;
- Agreement between the Ministry of Internal Affairs of Georgia and the Federal Service for Control of Narcotic and Psychotropic Substances of Russian Federation on the fight against illicit traffic in Narcotic and Psychotropic substances and their Precursors;
- Agreement in the Sphere of Communications between the Government of Georgia and the Government of Azerbaijan;
- Agreement on the Exchange of Classified information between the Government of Georgia and the Government of Azerbaijan;
- Draft Memorandum of Understanding and Agreement on Cooperation in Specific Fields between the Government of Georgia and Government of India;

**Human Rights**

**Recommendations of the United Nations Committee against Torture:** The Government of Georgia continuous the implementation of the recommendations of the United Nations Committee against Torture.

The Government of Georgia has the positive obligation to periodically deliver the reports to the European Committee for the Prevention of Torture and Inhuman and Degrading
Treatment or Punishment (CPT) about the status of implementation of its recommendations. It is important to underline that with the consent of the Government the report became public and was published on the official website of CPT on October 25, 2007 (the relevant link was posted on the official web-site of the Ministry of Justice as well).

For detailed information concerning the implementation of the CPT recommendations please see above Penitentiary System.

Optional Additional protocol to the Convention against Torture: Eradication of the facts of torture and other cruel, inhuman or degrading treatment or punishment constitutes one of the highest priorities of the Government of Georgia. Due to that, Georgia ratified the 2002 Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment of Punishment (hereinafter the OPCAT) on 9 August, 2005. The Protocol entered into force on 22 June 2006.

The Government of Georgia is fully committed to the implementation of all the obligations stemming from the OPCAT the central of which is the creation of National Preventive Mechanism as envisaged by Article 3 of the OPCAT. With this purpose an extensive preparatory work is going on to elaborate the most appropriate structural model of the Preventive Mechanism and the respective legal framework that will strengthen the protection of persons deprived of their liberty against torture and other cruel inhuman or degrading treatment of punishment. The work is being carried out within the frameworks of the Interagency Coordination Council for Carrying out Measures against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (hereinafter the Council). The Council was established by the Presidential Decree on June 20, 2007 and its goal, inter alia, is to elaborate the respective model for the National Preventive Mechanism envisaged by OPCAT. Apart from high level state officials from relevant Government ministries the Council also includes representatives from judiciary, national and international NGOs, international organizations and independent experts. Subsequently, the participation of the civil society and international organizations is ensured.

The work includes, inter alia, the analyses of the existing monitoring systems in Georgia, comparative analyses of the Preventive Mechanisms already established in the State Parties to the OPCAT, experience sharing with those countries on the process of establishment and the effectiveness of the work of the Preventive Mechanism.

Statistical Data on the criminal cases on torture and ill-treatment (2007):

<table>
<thead>
<tr>
<th>Case Count</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>144¹</td>
<td>(Torture)</td>
</tr>
<tr>
<td>144²</td>
<td>(Inhuman or degrading)</td>
</tr>
<tr>
<td>333</td>
<td>(Exceeding limits of official)</td>
</tr>
<tr>
<td>335</td>
<td>(Compelling to give explanation, intentional)</td>
</tr>
<tr>
<td>118</td>
<td>(Intentionally causing less gravity)</td>
</tr>
<tr>
<td></td>
<td>treatment)</td>
</tr>
<tr>
<td>------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Criminal Cases on which the investigation was commenced</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Criminal cases on which the investigation was terminated</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Criminal Cases submitted to the court</td>
<td>1</td>
</tr>
<tr>
<td>Criminal Cases on which the judgment was rendered</td>
<td>1</td>
</tr>
<tr>
<td>Number of Persons Accused</td>
<td>3</td>
</tr>
<tr>
<td>Number of Persons against which the Judgment was Rendered</td>
<td>2</td>
</tr>
</tbody>
</table>
Temporary Detention Isolators and Implementation of CPT Recommendations:
The Ministry of Internal Affairs of Georgia has been steadily applying its undertakings in sphere of ensuring respect for human rights in temporary detention through structural changes, regular and mandatory trainings to the police officers and development of infrastructure. Key human rights organizations in Georgia and the Ombudsman have reported that the number of cases in which detainees have been subjected to abuse in police detention facilities has significantly decreased, in particular in the past two to three years.

Actions Taken by the Government of Georgia to Fight Against Domestic Violence:
Legislation: The Law of Georgia on Combating Domestic Violence, Prevention and Support to Its Victims was adopted in May 25th of 2006. This legal act is an important step towards an improved government response to domestic violence. It provides an expansive definition of domestic violence and new remedies for domestic violence victims. Namely, it is Article 10 that defines these important new remedies of protective orders and restrictive orders which allow police and courts to restrict the activities of an abuser in order to protect victims.

Under Article 9 of the Law of Georgia on Combating Domestic Violence, Prevention and Support to Its Victims, the domestic violence must be treated as a crime when it “contains the elements of a criminal offence.” Several articles of the Criminal Code can be invoked to punish certain manifestations of domestic violence including murder, manslaughter, premeditated infliction of damage to health, assault, beating, driving a person to a suicide, rape, etc.

3 “1. For the purpose of immediate effect (response), protection of the victim and certain restriction of the abuser’s activities, relevant bodies as a temporary measure may issue a protective or restrictive order.  
2. A protective order is in act issued by the first instance court judge based on administrative proceedings, which defines temporary protection measures of victims in cases of domestic violence, except cases, where the grounds for instituting a criminal proceeding exists and the person is deprived of liberty based on the restrictive measure.  
3. Restrictive order is an act issued by the authorized employee of police, which defines temporary protection measures of victims in cases of domestic violence and which shall be submitted to the court for approval within 24 hours.  
4. Failure to comply with the conditions prescribed by protective and restrictive order shall lead to criminal responsibility of the abuser.” It should be mentioned, that as a rule the protective orders are issued either by the District Inspectors or the Patrol Police. “

4 “1. To the ends of identification and elimination of domestic violence, criminal, civil and administrative law mechanisms shall apply.  
2. Criminal law mechanisms shall apply where an act of domestic violence contains elements of a criminal offence.  
3. Civil law mechanisms shall apply where the damage inflicted gives rise to obligation to compensate damages in accordance with the civil law.  
4. Administrative law mechanisms shall apply where an act is of insignificant public danger, does not give rise to criminal responsibility and which can be dealt with by application of administrative law provisions.”
Action Plan: The Action Plan on Measures to Prevent and Combat Domestic Violence (for 2007-2008) was approved by the government in July 2007. Among other objectives, action plan includes:

- The Ministry of Labour, Health and Social Affairs and other relevant government agencies should elaborate standards for shelters and rehabilitation centres for batterers.
- Relevant government agencies and NGOs should train staff of the Ministry of Internal Affairs, prosecutors, judges, health workers and those working in the field of education on international standards regarding domestic violence.
- NGOs should engage in public awareness raising campaigns.
- Two hotlines should be established by the Ministry of Internal Affairs and the Ministry of Labour, Health and Social Affairs, respectively.
- Financial proposals should be made to ensure that sufficient funds are earmarked in the state budget to implement activities outlined in the Action Plan.

Training: Domestic violence curriculum is an integral part of the basic police training of patrol officers and criminal police officers, with a special focus on district inspectors, that have day to day contact with the local communities. Curriculum is taught with interactive training modules, among other tools using role playing exercises to train officers in situations close to reality.

In parallel, Ministry of Internal Affairs actively cooperates with the local NGO and international community and with joint effort over 600 practicing police officers have been given specialized trainings and number of study tours have been organised in EU member countries to share experience.

All judges of administrative law underwent training on new legal provisions related to domestic violence.

Hotlines: Ministry of Internal Affairs operates the “hotlines” within its several units where the responsible officials have been specially trained to respond to domestic violence calls.

Information Collection and Analysis: Ministry of Internal affairs collects and analysis domestic violence statistics throughout the country.

Statistics: Total: 937 cases of family conflicts and 319 cases of domestic violence (Restrictive orders issued) have been registered by Police in Jan-Aug. 2007.

From the point of judiciary practice deciding on protective and defensive orders on domestic violence cases grows. From October 2006 till April 2007 236 protective and defensive orders had been issued by the administrative chamber of Tbilisi city court. No order had been violated so far meaning that no criminal case had been initiated upon the violation of either protective or defensive orders. This means that they proved to be
effective in restraining continuation of the use of domestic violation in relevant cases. Besides, there are several cases registered within the Informative-Analytical Department of the Ministry of Internal Affairs where the Administrative sanctions – mainly detention or paying a penalty, have been applied to the perpetrator.

**Implement the 1980 Hague Convention on Child Abduction:** Georgia has ratified the Hague Convention on Child Abduction. Ministry of Justice has been designated as the Central Agency for the implementation of the obligations under the Convention. The transmission of applications received is one of the main tasks of the Unit of Mutual Legal Assistance of the Ministry of Justice (article 9 of Convention) which in case of receiving such application operates accordingly. It is important to emphasize that the legislation of Georgia envisaged all the obligations deriving from the Convention, particularly no legalization or similar formality is required in the context of the Convention (article 23 of Convention) since the law of Georgia clearly indicates that if different rules in the implementation of notary acts is established by international convention, than notary acts in conformity with that convention; in addition no costs and expenses are imposed in case of judicial and administrative proceedings (articles 22 and 26 of Convention) since the legislation of Georgia implies freeing from any fees in case the applications concern the violation of juvenile rights (under Georgian legislation persons are considered to be juveniles before they reach 18).

**Unit for the Protection of Rights of Prisoners of the Department of Prisons:** Along with the monitoring councils comprised of NGO representatives, the Prisoners’ Rights Unit within the Penitentiary Department of the Ministry of Justice was established on September 14, 2006. It is operating actively in order to address violations of rights of prisoners as well as persons in pre-trial detention institutions. Namely:

- to protect rights of prisoners (pre-trial and convicted) and their relatives;
- to work with famished prisoners (pre-trial and convicted);
- to monitor prisons and pre-trial detention facilities;
- to meet with prisoners,
- to meet with the family members and relatives of prisoners;
- to organize meetings of prisoners with their family members and relatives;
- to receive of complaints from prisoners concerning the violation of their rights.

In case of any kind of violation of rights of prisoners, the information is transferred to respective law-enforcement bodies.

**Local public monitoring commissions within the penitentiary establishments of Georgia:** Local Monitoring Commissions of the Penitentiary Institutions are identified by the Georgian Law on Imprisonment, Article #93. As regards the current mode of creation of the Local Monitoring Commission and the criteria for the appointment of the Members, the Decree # 2190 of the Minister of Justice sets out the rules in this regard. According to the Statute of the Commission, established by the mentioned Decree, the Members of the Commission are selected on the basis of their desire, possibility to work intensively,
For the monitoring of human rights situation in penitentiary establishments, as of December 1, 2007, Local Monitoring Councils operate in 11 penitentiary establishments of Georgia.

The Councils monitor penitentiary establishments, develop appropriate recommendations and deliver Reports once in three months. During 2007 the discussion/assessment of the reports delivered was conducted several times. Particularly:

- On April 13, 2007 the report of the Public Control Commissions of penitentiary establishments of Eastern Georgia was presented to the Deputy Minister of Justice;
- On April 28-29, 2007 the reports of the Public Control Commissions of penitentiary establishments of Western Georgia were presented to the Deputy Minister of Justice at places;
- On August 29-30, 2007 in Chakvi, with the support of EU funded project “Penitentiary and Probation Reform in Georgia”, the reports of all Public Control Commissions of penitentiary establishments were presented to the Deputy Minister of Justice and to other attendees; the future activities were determined as well;
- On December 14, 2007, with the support of Penal Reform International (PRI), the annual reports of all Public Control Commissions of penitentiary establishments were presented and discussed.

In order to maintain dialogue and increase the efficiency of their work, the Ministry of Justice has regular meetings with the Councils. It is worth noting that in 2007 part of the recommendations presented by the commissions were implemented in the Penitentiary System.

Democracy and good governance

The draft law brings the ranking system of officials. The core idea is that officials are separated into four groups according ranks (“the first group official”; “the second group official”; “the third group official”; “the fourth group official”) and as higher is the rank they have to meet higher requirements. Civil Servants who are united under the term of each group officials have similar obligations, for example they have the same rules for

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5 The composition of the commissions (all of them) is the following: 35 representatives of the NGOs, 11 representatives of local municipalities, 2 students, and 11 priests. Ministry of justice of Georgia till 1 September of 2007 announced open competition for staffing of the rest Penitentiary Institution Local Monitoring Commissions
disclosure of assets, which differs from the rules of disclosure of assets of second group officials and etc.

**The Law on Conflicts of Interest and Corruption in Public Service** has entered into force in 1997, which at first defined the term of “official”. The mentioned term refers to a specified category of elected and appointed persons, including the President, Members of Parliament, judges and prosecutors.

**The Draft Law doesn’t focus only on “high officials”**. For the purposes of draft law under the term “connected person” are united following groups”: “family member”, “close relative”, “person who has the same household with the civil servant”.

Declarations filled in by civil servants are accessible for public.

The rules of disclosure of assets are designed to bring as much transparency as it is possible. As the result it almost not provides the related personal data protection, if it isn’t otherwise regulated by the Georgian legislation.

At present the draft law on “Conflicts of Interest and Corruption in Public Service” is forwarded to the Parliament for amendments.

The draft law on conflict of interests and corruption of high officials still remains as a working project and is subject to further assessment, analysis, improvement and perfection.

**Code of Judicial Ethics**: The old Code of Judicial Ethics was substantially revised. Rules of Judicial Ethics which are in full compliance with the European standards of judges’ ethical behaviour were presented to the Association of Judges of Georgia and respectively approved. It was finally adopted by the Conference of Judges on October 20, 2007.

**Police Code of Ethics**: Police Code of Ethics drafted by MIA with the active participation of state and non-governmental organizations, consultations with the international community, especially with strong expert support from CoE, and adopted in January 2007. The Document sets main ethical standards for the policemen and requires respect for human rights and act in conformity with legislation, based on principles of fairness and impartiality. Violations of the Police Code of Ethics are addressed by the General Inspection Department of the MoIA.

**The Code of Ethics for the Officials of the Penitentiary System**: The Ministry of Justice of Georgia elaborated the Code of Ethics for the penitentiary staff and adopted it on December 13 2007. The Code is guided by the national legislation as well as relevant international human rights instruments and aims at deepening the reliance of society
towards the penitentiary department through enhancing the responsibility and the morality of penitentiary staff. The Code, based on the principles of proper execution of sentences, protection of prisoners’ rights and the requirements of the law, regulates the conduct of penitentiary staff in and out of penitentiary establishments. Particularly, the Code prohibits any kind of discrimination, torture or other cruel, inhuman or degrading treatment towards inmates ensures the obligation of transparency and the proper communication with media and the protection of classified information. The Code also imposes personal responsibility on any officer for the infringement of provisions determined by law and the Code. It is important to underline that the violation of the regulations of the Code of Ethics will serve as the basis for disciplinary prosecution of the penitentiary staff.

During 2007 the elaboration of new legislative projects, study of normative acts of developed states regulating the civil register, work on the law on personal data was planned
– Nowadays the legislative project is prepared that implies 9 projects and more than 100 amendments. The project is already submitted to the government. It involves such significant changes as: granting the personal number upon the registration of birth, issuing the personal identification document in the age of 14, the further reform of registration of civil acts, simplification of procedures, annulment of certain procedures; together with the foreign expert the work is conducted on the law on personal data.

Development of Functional Civil Registry: New priorities have been set for the Civil Registry for 2007. As delivery of new services to citizens was viewed as an important issue, the Agency offered the following services in 2007:
- from July 2007 the Agency started to issue passports with 48 pages;
- from May 2007 the Agency launched SMS service system, under which Agency informs citizens via SMS of time and date when the passport shall be issued;
- in the beginning of 2007, hot line was launched. The latter on one hand enables citizens to receive information on activities and services of the Agency at any time and on other gives us opportunity to obtain information on violation of citizens’ rights and information on inadequate service delivery.

Action Plan of enhancing database was elaborated, according to which following activities were implemented:

- Inventory of archives was conducted;
- New software for tracking inaccuracies and errors in the database was created;
- Approximately 150000 inaccurate data was corrected in 2007;
- At this date, the process of creating database of addresses is underway. The completion of the process is planned for the end of 2007.
- Database with photos is being created. 2700000 photos have already been scanned in all territorial representative offices of the Agency.
One of the important priorities of 2007 was elaboration of long term strategy of Agency development. With financial support of the USAID, within the limits of the project on Public Governance Reform, the process of elaboration of Agency’s Development Strategy for 2007-2011 was completed which determined the main activities of the Agency for the mentioned years.

**Awareness Rising:**
- In February 2007 the strategy of civil register on public relations was finally elaborated. As a result in August of 2007 the advertisement campaign was launched the aim of which is the awareness rising and the motivation of citizens on taking various civil documents.
- In May 2007 the logo and slogan of the agency as well as the web-site were created.

**The main priorities in 2008 will be:**
- Improvement of service and the inculcation of new services
- Improvement of personal database systems
- Inculcation of new technologies
- Improvement of infrastructure
- Creation of improved legal bases
- Inculcation of improved system of human resource management
- Strengthening the financial sustainability and the improvement of financial management

**Development of Infrastructure:**
- During 2007, 15 territorial services have been reconstructed and opened. Until the end of the year 4 more services should be opened. In each service the principles of transparency and “one window” are guaranteed.
- During 2007 30 territorial services already were involved in joint (VPN) network. Till November the rest of services will also be involved that will ease the working process and facilitate the further development of various directions.
- Nowadays the consular department is involved in the joint network of the civil register. The work is ongoing and involves Georgian consular offices in the same network.

**Creation of electronic archive of civil acts** – In 2006 the special program was created that facilitated the creation of electronic archive. Nowadays digitalization of death records is underway. By the end of the year digitalization of birth records will be launched.

**Elaboration of strategy on the development of information technologies** – Information technology specialists at the Agency have developed a strategy on the development of information technologies. The aim of the strategy is to ensure that the
Civil Registry is based on the principle of electronic governance and all processes are implemented through new technologies.

**New Case Management Programme, New Human Resources Programme, Complete automatization of financial management** – New programme “Oris Menegeri” is being introduced at this stage at the Agency. The programme covers purchase, accounting and logistics. The Agency plans to completely switch to the programme before the end of 2007.

**Development of Civil Acts’ Programme, switching to the system of printing all types of civil acts** – In July 2007, a process of development of civil acts programme was completed. The programme has been tested. At this stage, implementation phase has begun. The new programme works in a live regime, via central server. Therefore, the programme is introduced to the agencies which are connected to the uniform network. by the end of October 2007, approx. 20 agencies have had the possibility to print civil acts. Finally, before the end of March 2008, all territorial units shall begin to use the new programme. Therefore, civil acts shall only be in a printed form.

**Implement the 1981 Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data:** The Constitution of Georgia stipulates the basic norms and the General Administrative Code of Georgia includes several articles on data protection and the publicity of data of public interest. These regulations contain the most important elements of data protection. However, with the aim of satisfying all requirements of Council of Europe Convention and for its full implementation a working group was established in the frame of European Commission project “Support to the Reform of the Ministry of Justice of Georgia”. With the assistance of foreign expert the draft law on Data Protection, draft law on Data Protection concerning Civil Registry as well as the recommendation on the revision of other laws in connection with data processing and data protection has been prepared.

**Human Resources Direction:**
- In Fall 2007 with the financial assistance of USAID, in the frame of state governance reform project, a foreign expert started work in civil registry assisting the agency in the inculcation of improved system of human resource management. The main purpose will be the reorganization of the human resource service, improvement of work. Besides the elaboration of improved job descriptions, the establishment of the new system of staff selection is planned.
- In July 2007 in the frame of the OSCE project the training course was held for the heads and deputy heads of territorial bureaus. In fall 2007 in the frame of project financed by the European Union trainings for the central apparatus of the civil registry started. The latter training will last 2-3 months and will cover such subjects as: project management, strategic planning, political analyze, management of human resources, etc.
- In the frame of the project funded by the European Union the successful employees visited Hungary where they got acquainted with the civil registry system of Hungary. One more study visit to Estonia in the end of the year is planned as well.
- The salaries are periodically raised. In July 2007 the raise of salaries was 15%.

**Elections**

The aim of the government is to ensure that the conduct of the 2008 parliamentary and presidential elections is fully in compliance with OSCE commitments and other international standards for democratic elections.

Recently, the Georgian authorities and opposition representatives have negotiated amendments to the country’s election code. The changes will transform the current majoritarian election system for Parliament into a system based on proportional representation, alter the composition of the Central Election Commission, and provide equal allocation of free television airtime for presidential candidates from qualifying parties. Additionally, a government-proposed constitutional amendment will lower the election threshold for Parliament from 7 percent to 5 percent, as well as reduce the number of signatures required for candidate registration. Early presidential elections, as well as a simultaneous plebiscite regarding the date for parliamentary elections, will allow Georgian citizens to democratically express their choice on issues that had temporarily led to political impasse between the governing majority and the opposition.

**Reduction of barriers to election:** On November 15, 2007 the Parliament of Georgia gave preliminary endorsement to constitutional amendments that will decrease the election threshold for Parliament from 7 percent to 5 percent. These amendments are now being subjected to a onemonth period of public discussion; they are expected to be adopted afterwards without delay.

Lowering the electoral threshold will encourage plurality in Parliament and facilitate the emergence of new political voices. The expected amendments are in line with recommendations from the Council of Europe and other international organizations.

The number of signatures required to nominate a candidate will be reduced, so as not to exceed 1 percent of the number of registered voters. Reducing barriers to candidature will render the political field more competitive, enabling a wider range of choices for voters.

Based on a series of discussions with opposition parties, the Government has agreed to position demands to transform the current majoritarian election system for Parliament into a system based on proportional representation. Some MPs will be elected though a nation-wide party list system, while the other part will be elected through regional party lists. This effectively eliminates the previous system whereby one-third of the Parliament was to be elected through a ‘first past the post’ system.
Early presidential elections and plebiscite: To offer a democratic and constitutional means of resolving Georgia’s recent political impasse, President Mikheil Saakashvili announced snap presidential elections to be held on January 5, 2008. Currently, 22 candidates have expressed their desire to contest the Presidential poll. These elections will give citizens an opportunity to freely choose Georgia’s future course.

By scheduling elections for January 2008, the President has cut short his term in office by more than 1 year and 3 months.

Parallel to the presidential election, voters will also cast ballots in a plebiscite to decide the date of upcoming parliamentary elections. The constitution currently provides for elections in fall of 2008; the opposition, however, has demanded elections in April 2008. The plebiscite will resolve this disagreement by putting the choice directly in front of Georgia’s citizens. The plebiscite will also include a question asking voters whether they support Georgia’s integration into NATO.

Composition of the Central Election Commission: As a result of negotiations between the authorities and opposition parties, membership in the Central Election Commission (CEC) will be changed. Under the previous system, Commissions were staffed by politically non-affiliated electoral professionals who had to pass examinations to gain membership. Following the changes and demands of the opposition, the CEC will now be composed by 6 independent, non-affiliated members, nominated by the President after open competition and elected by Parliament. Seven other members of the CEC will be party representatives; each party that received at least 4 percent of votes in recent nation-wide elections or has a parliamentary faction will have members in the CEC.

Thus, the governing United National Movement party and 6 opposition parties— the Labor Party, Conservatives, Republicans, Industrialists, New Rights, and Freedom Party—will each be eligible to appoint 1 member. For the CEC to reach a decision, a two-thirds majority (i.e., 9 of 13 members) will be required. As such, at least 2 opposition parties’ representatives should support a decision for it to be considered valid. The majority party will not be able to make unilateral decisions.

Precinct electoral commissions will be reformed according to the same formula—the commissions will include 6 non-affiliated members and 7 party representatives.

The maximum number of registered voters in any given precinct has also been lowered according to opposition demands from 2,000 to 1,500 in most areas. Additionally, military servicemen will be eligible to vote at either their home precinct or at the precinct where they are stationed on duty.

Voter registration: One outstanding point of disagreement between the authorities and the opposition pertains to voter registration. Opposition representatives sought to prohibit registration on election day, while the Government felt strongly that allowing
registration at the polling stations would serve as the most practical and effective way to remedy potential confusion with respect to precinct assignments. Although voter list audits indicate that the lists’ error rate is only 1-2 percent, the abovementioned reduction in precinct sizes will necessitate the rearrangement of precinct boundaries; this may lead to some confusion on the part of voters regarding which polling station they are assigned. To ensure that all eligible citizens can exercise their democratic right to cast a ballot, same-day registration will be allowed for the January 5 elections.

In light of the decision on same-day registration, the election process will feature numerous provisions to safeguard against fraudulent activities. Voters who register on election day will receive ballots of a different color than pre-registered voters; these ballots will be counted separately. In addition, voters who register on election-day will have to provide their IDs to be photocopied and this data will be kept in the event that inquiries or challenges are made. If fewer than 1 percent of ballots cast at a given precinct (i.e., fewer than 15 ballots) are from voters registered on election day, those ballots will be counted directly at the precinct and certified by a two-thirds majority of the Precinct Election Commission members (i.e., with the support of at least two opposition parties’ representatives). If more than 1 percent of the ballots are cast by voters registered on election day, those ballots will be counted by the CEC and certified by an analogous two-thirds majority. However, they can also be counted at the precinct level if there is a two-thirds decision.

To further ensure that the upcoming elections are free and fair, minor pre-existing restrictions on international election monitors are being abolished. Observers will be able to visit any polling station at any time, without restriction.

**Local authorities do not interfere in the work of the election administration.** The neutrality of the election administration is guaranteed by the code of election.

**Self Governance Reforms**

Following developments took place in the field of local self-governance during 2007:

The draft National Decentralization Strategy as well as the draft National Work Program for Better Local Self-government in Georgia was elaborated by the Center for Effective Governance System and Territorial Arrangement Reform and submitted to the State Commission on Effective Governance System and Territorial Arrangement Reform in January 2007. Most probably, the formalization of the draft documents will be accomplished after holding presidential elections in January 2008.

Several legislative acts regulating local self-governance were elaborated and adopted by Georgian authorities during 2008. Important amendments and supplements better regulating particular issues related to local self-governance were incorporated into the Organic Law on Local Self-government, the Law on Budget of Local Self-governing Unit,
the Law on Property of Local Self-governing Unit as well as number of sectoral legislative acts impacting the competencies of local self-governing units. Furthermore, the Law on State Supervision Over Activities of Local Authorities prepared in active cooperation with the Council of Europe was finally adopted by the Parliament of Georgia on June 8, 2007. The draft laws aimed at improvement of the institutional arrangement of local self-governing units, facilitation of citizens’ participation in the implementation of local self-governance as well as modification of the equalizing transfer formula defined by the Law on Budget of Local Self-governing Unit were elaborated in active cooperation with the Council of Europe in the second half of 2007. It is planned to adopt the abovementioned draft laws in the first quarter of 2008.

Roundtables in 10 regions of Georgia were held by the Center for Effective Governance System and Territorial Arrangement Reform in order to study the practice of implementation of the newly adopted Law on State Supervision Over Activities of Local Authorities in August, September and October 2007. The similar study on other basic laws on local self-governments shall be implemented in the first half of 2008. The Center for Effective Governance System and Territorial Arrangement Reform organized trainings on several issues related to local self-governance such as local lawmaking, paperwork, budget drafting etc. The trainings were attended by local representatives, lawyers, heads of chancelleries of local self-government bodies from all Georgian municipalities as well as the heads of municipal supervision departments of regional Governors’ administrations.

In addition, various seminars, workshops, roundtables organized by governmental or non-governmental institutions with or without support of international institutions in 2007 made an important contribution to the popularization of the idea of decentralisation among politicians as well as general public. Furthermore, various newspaper annexes published with the popular newspaper “24 Hours” and radio programs dedicated to the local self-government reform broadcasted by the radio station of the Georgian Public Broadcasting, importantly facilitate improvement of citizens’ awareness on local self-government issues.

Several trainings for local representatives and servants were held by various governmental, non-governmental and international institutions in 2007. Besides, the Georgian Institute of Public Affairs (GIPA) implemented the needs assessment of local officials and servants in autumn 2007, which will importantly contribute to the development of the training strategy by Georgian governmental and non-governmental institutions.

Particular amendments to the sectoral legislation regulating competencies of local self-governments importantly supported improvement of the legal framework of local service supply. Furthermore, with active support of the German Society for Technical Cooperation (GTZ) the service centers in three Georgian municipalities were created. This pilot-project should facilitate the development of the best practice in other Georgian municipalities as well. Particular training sessions organized by various institutions on
local service supply issues additionally contributed to the improvement of capacities of local officials and servants in the field of service supply to local citizens.

The homepages created by the National Association of Local Authorities as well as the Center of Effective Governance System and Territorial Arrangement Reform can provide an important support to the informatiosation of local self-governments in Georgia. Besides, the abovementioned Center plans to implement pilot-projects in particular pilot-municipalities aimed at development of IT at local levels in the first half of 2008. The Concept on Informatization as well as draft legal acts necessary for its implementation were elaborated by the Center for Effective Governance System and Territorial Arrangement Reform in 2007.

The strategy of teaching State language to representatives of national minorities is currently under active discussion and, most probably, will be finally elaborated and adopted in 2008.

Various governmental projects aimed at development of local economy and local social infrastructure were implemented in 2007. The common value of investment projects implemented in Georgian regions in 2007 totaled GEL 548. [234 527 Euro].

**Priority area 2: Improve the business and investment climate, including a transparent privatisation process, and continue the fight against corruption**

**Business Registration**

With a view to optimizing tax and state registration procedure of businesses the law on entrepreneurship (state registration) and the tax code (tax registration) have been amended in 2007. The law on registration fees and state register have also been amended to match the optimization. The procedure of registration of enterprises was simplified by consolidating the state and tax registrations into a single procedure and the “one-stop-shop” principle was introduced. This entails that a taxpayer files a written application with a tax agency for both state and tax registration purposes. The duration of state and tax registration proceedings is reduced from 8 to 3 days and for the natural persons (except for sole entrepreneurs) the identification number, which is the same as the personal identification number of the citizen, is assigned automatically (based on the data of the completed declaration). For further simplification of the system a legislative initiative was prepared according to which minimum capital requirement has been abolished. The draft Law on the amendment to Article 101 of the Tax Code of Georgia was adopted, according to which the foreign companies will be entitled to register as taxpayers, if they wish so, at any tax inspection (except for the specialized inspections). The tax inspection is required to ensure the registration of the company as a taxpayer within a period of 3 working days following the submission of the application.

The aforementioned changes significantly simplify the registration procedures and make it even more flexible.
To further improve the system (after the laws had been amended) the law on entrepreneurship was also amended and submitted to the Parliament. The amendments significantly simplified the registration procedure, which is simpler and more liberal than set out in Georgia’s PCA.

Number of newly established companies is indicative of the effectiveness of the reforms: Three times as many companies were established in 2006 as compared to 2003, their number reaching 40,000, which brought the total number of companies to 272,000. In 2006 the number of newly established companies grew as compared to 2005 while the number of companies forced out of business in 2006 decreased as compared to 2005. In the first half of 2007 the number of newly registered companies has increased by 30%, as compared to the same period of the previous year.

The law on accounting and audit was elaborated in line with the WB ROSC recommendations and consultations with Georgian Accountants and Auditors and submitted to the parliament.

The law provides for:
- accounting in line with international standards;
- the Ministry of Finance developing accounting standards for organizations funded by state based on applicable international standards.

The Law on insolvency proceedings was submitted to parliament, which was discussed at committee hearings and adopted by parliament in March 2007. Implementation of the paragraph will significantly be facilitated by measures listed in Paragraphs 50, 51, 52, 53.

To work out a single GoG strategy and avoid fragmentation a number of relevant policy documents have been examined, united, outdated priorities eliminated. The Strategy is based on such public policy documents as: National Security Concept, Individual Partnership Action Plan (IPAP), Anti-corruption Strategy of Georgia, GoG Anticorruption Action Plan, Millennium Challenges, Economic Growth and Poverty Reduction Program, etc.

Georgia’s economic reforms brought forward problems that hinder privatization (alienation) and management of state enterprises in line with the applicable law. The majority of the enterprises on the privatization list are either going through bankruptcy or rehabilitation procedures. In cooperation with president’s administration a Law on Bankruptcy was developed and adopted by the Parliament in March 2007. The law regulates insolvency of businesses, as well as non-business legal entities, such as unions, cooperatives, nonregistered unions and membership based public law corporations listed in the civil code. The law stipulates that lawsuits by and appeals against the entities should be examined by Tbilisi and Kutaisi district courts only. The law details insolvency proceedings, including competencies of trustees, creditors’ assembly, creditors’ committee, settlement councils, rehabilitation administrator, bankruptcy administrator. The bankruptcy proceedings will take less time after the amendments.
Customs and Taxation

According to the Order of the Minister of Finances of Georgia No 170 2.03.07 Customs department, Tax department and Financial Police merged into the Revenue Service of the Ministry of Finance of Georgia. Coordinated efforts of these structures will ensure effective use of resources both for the better implementation of their fiscal functions and combating against smuggling, it should also enhance finding harmonized solutions for the problems identified in the activities the economic agents during execution of the operational and long-term measures.

Simplification of the Tax System:

Amendments to the Tax Code were adopted by the Parliament of Georgia at the beginning of July 2007. Amended Tax Code will be effective from January 2008. Corporate income tax will be reduced from 20% to 15%, while personal income and social taxes that constitute 32% (12+20) in total will be substituted by a single tax with a rate of 25%.

Apart from this, the so called 100% amortization principle was introduced – a person is allowed to include the acquired fixed assets into the expenses during the same fiscal year and reduce the taxable income. This allows for the companies to pay less or pay no income tax at all for several years in the case of investment in fixed assets. This novelty should further encourage capital investment.

For the purposes of easy and adequate fulfilment of the tax liabilities by the taxpayers the forms of a single monthly income and social tax report (Order of the Minister of Finances of Georgia No 31 23.01.07) and of an annual tax return (Order of the Minister of Finances of Georgia No 52 29.01.07) and guidelines for the completion thereof were developed. As a result the tax procedures related to the fulfilment of tax liabilities were significantly simplified for over 100 thousand tax payers. The annexes to the previously existing social and income tax annual returns were abolished and the volume of data to be included into these returns was significantly reduced.

The property declaration forms were also significantly simplified. A natural person is entitled to declare the property tax in the form of common family property declaration. At the same time, they were also entitled to reflect denomination, description and value of the immovable property, whilst the obligation of determination of the tax rate, zones and ratios was assigned to the tax authorities. It should be mentioned that the tax authorities are supplied with sufficient amount of new forms of tax returns, which will be provided to the tax payers free of charge (The Order of the Minister of Finances No 176 of 06.03.07).

To promote self-declaration of taxes the computer software for the determination of the property tax liabilities of natural persons – the so called “calculator” was developed and was placed on the web-portal of the tax department (www.taxdep.ge). After the entry of the basic data on the tax object into the form, the program ensures the determination of the tax liability and allows for printing out the declaration form. The Revenue Service has already simplified the profit and the VAT declaration forms.
Risk Based Tax Control:
The Revenue Service of the Ministry of Finance has started the implementation of a risk management agenda in tax administration, which ensures the effective mobilization of tax revenues through enhanced compliance and the provision of quality services to taxpayers. The reforms entail identification of risk indicators and risk profiles for the screening of tax declarations and tax invoices. The initial phase within the scope of “Tax administration reform support project” is underway for the introduction of appropriate software program with an incorporated criteria indicators and ranking of taxpayers.

Relevant unit of the Revenue Service scrutinizes the database on a daily basis for identification of possible mismatches between indicators. Whereby divergence in figures is identified, the case is submitted for further investigation. Works are underway for the further refinement of the risk management system within the tax administration system.

Agreements for the prevention of double taxation:
- In 2007 the Agreement on the Prevention of Double Taxation was signed with Estonia and France. The negotiations were finalized with Finland, Cyprus and Ireland.

Secondary Legislation in Customs field:
After the adoption of the Customs Code by the Parliament of Georgia in July 2006, the Georgian Government and the Ministry of Finances of Georgia developed the secondary legislation stipulated by the Customs Code, which was enacted in January 2007. The mentioned legislation regulates in detail the rights and obligations of the economic agents and customs authorities involved in the export and import of goods into/from the customs territory of Georgia, as well as the methods of dispute resolution. In the course of development of the secondary legislation the account was taken of the recommendations of the foreign expert invited through the European Union Project on “Customs Administration Support” (project ended in February 2007, duration of the project was 9 months).

Improvement in Services:
For the purpose of promotion of the transparency of the information in customs field the web-portal was created (www.customs.gov.ge), where the normative acts and statistical information were placed. Customs Code and the part of the secondary legislation are available in English as well.

The web-portal contains the complete statistical information on all export-import operations that took place on the Georgian territory in 2002-2006. This information is provided on the web-portal in Microsoft Excel format, which allows for its processing by the user in any possible manner. The web-portal also contains the page – “News”, which displays the information about the changes and innovations within the Customs field. For the purpose of acquaintance of natural and legal persons with the new legislative amendments the special guidebooks were prepared in the Georgian, Russian, English and Turkish languages. Any interested person has the possibility to view them at any customs check-point.

The reconstruction/modernization and infrastructure development of the existing 11 operational customs checkpoints is underway. The reconstruction of the Kazbegi and
Sadaxlo customs checkpoints were carried out within US corps of Engineers’ program for the Border Security and Law Enforcement. The Sadaxlo was reconstructed and is already operational. The modernization of the Lagodekhi checkpoint has already started.

**Code of Conduct:**
The Code of Conduct in Customs Field is will be based on standards recommended by the World Customs Organisation. In this respect the most important document is the “Arusha Declaration” adopted by the World Customs Organisation in July 1993, which outlines the complete set of activities to be implemented on a national level in order to ensure the transparency of activities of customs authorities. Following the concept of the aforementioned declaration, the reform of the Customs system is implemented on an institutional level and covers all components of customs system.

**Phyto-sanitary legislation:**
The EU funded Customs Project facilitates the harmonization of the Georgian customs legislation with that of the European Union and provides technical assistance in veterinary and phyto-sanitary fields. The first phase of the project, which mainly concentrates on the preparation of the secondary legislation, is completed. The second phase of the project has already commenced (duration – 18 months), which provides for legal and technical assistance with respect to implementation of phyto-sanitary and veterinary measures on border points.

The Revenues Service assists the local companies engaged in foreign-economic relations in acquiring the internationally accepted documentation for animal and plant products imported to or produced on the territory of Georgia. The particular attention is paid to the phyto-sanitary and veterinary documentation to be presented at the border customs check points. After the entering into force of the International Plant Protection Convention, the Revenues Service analyzed the international standards set by the Convention. The standards were circulated to regional customs offices as guidelines.

**Risk Based Customs Control:**
The Revenue Service of the Ministry of Finance has launched concerted efforts for the development of the legislative base, technical capacity and human resources to ensure the fast-track enforcement of the risk-based customs control system and execution of simplified customs procedures for the authorized economic operator (AEO) since summer 2007.

The commission, chaired by Deputy Head of the Revenue Service, facilitates bringing joint efforts for the proper introduction of the risk management system in the customs control process. To this end, the decree of Minister of Finance “on implementation of customs control on declared good in import customs regime via Automated System of Customs Database (ASYCUDA) based on risk management system and rules for simplified customs control” has been elaborated. The first stage of the system implementation is the development of the so called “Gold List”. Those importers, who significantly contribute to the Georgian import and are decent taxpayers, will be included into the “Gold List”. The importers of the “Gold List” will enjoy certain benefits. The creation of the risk analysis database will promote the implementation of principles of post-clearance control.

The Ministry of Finance has organized several round-table discussions of all key stakeholders, including the business representatives, aimed at strengthening understanding and appreciation of the modernized risk based customs control procedures and simplified customs procedures for AEO. Simultaneously, a number of risk profiles and rate for random checking (which takes into account the workload of the
selected customs clearance offices) has been identified. The mentioned criteria were integrated into ASYCUDA. For stress-testing purposes 8 risk profiles were approved by the commission. For each profile, the rate for red and yellow corridor is defined (red – document and physical inspection of good; yellow document checking).

The revenue service has launched the pilot program testing the efficiency of the existing risk profile, adequacy of rate of random checking, reliability of the software and other IT components since September 2007. In this context, several training courses for customs officers were organized on the proper handling of ASYCUDA. Gradually, the Pilot program expanded to cover three main customs clearance places.

The initial phase for the introduction of customs control system based on risk-analysis concept and commencement of the AEO system was finalized by the end of 2007. The Revenue Service endeavors the launch of the full-fledged ASYCUDA with integrated risk management system and incorporated criteria for simplified customs procedures since mid-January 2008.

**Integrated Border Management Strategy:**
Revenue Service of the Ministry of Finance of Georgia within working group of the Special Border Reform Interagency Commission, established in June 2006 under the National Security Council according to the decree of the President of Georgia No 352 12.06.06, has participated in the elaboration of the Integrated Border Management Strategy.

Joint coordinators were assigned in Sarpi and Lagodekhi checkpoints in 2007, to facilitate the effective coordination of the activities carried out by the representatives of Customs and Border protection agencies.

**Privatization**
On 26th of October, 2007 the Parliament of Georgia adopted the amendments to the Law on Privatization of the State-Owned Agricultural Lands. The amendments came into force on 16th of November, 2007. According to aforementioned amendments certain rules of agricultural land privatization have been changed. According to the amendments (Art. 2), cattle transfer paths, forestry used for agricultural purposes, recreational lands may be privatized if projects of particular importance are to be implemented on these areas. In this case Government of Georgia takes a special decision on privatization of such lands based on the proposals of the Ministry of Economic Development (MoED). Agricultural lands allocated for the reform fund in the Autonomous Republic of Adjara shall be also subject to privatization.

Privatization of the agricultural state-owned lands is carried out by the MoED. Direct sale has been introduced, as one of the privatization forms based on competitive selection. Therefore, the President of Georgia takes decision on direct sale of land based on competitive selection (Paragraph 1 of the Art. 6). Leased and non-leased state owned lands, as well as formerly leased land parcels shall be subject to privatization under the direct sale based on competition (Paragraph 5 of the Art. 5). Price of the land, terms of payment and other conditions shall be defined by respective decision of the President.
According to the amendments, procedures of leased land privatization have been simplified. In particular, number of documents necessary for privatization was decreased. The Public Registry extract and cadastral plan shall be sufficient ground for privatization of a plot of leased lands (Paragraph 3 of the Art.9). According to previous regulations of the law, in case of legal dispute on leased land, privatization was impossible until final resolution of the dispute. As a result of the amendments the mentioned restriction has been abolished. In addition, the new regulations stated that at auctions to bid several parcels in one lot shall be permitted.

Currently, based on the data of the MoED 11,777 plot of lands are privatized, totally amounted as 138,201 ha.

Non-Governmental sector is also active in protection of landowners’ rights and delivering expertise in land-related issues. Namely, Association for Protection of Landowners’ Rights (www.aplr.org) founded in 1996 is very instrumental in this regard. The association aims at protection of ownership rights to the land and real property, registration of titles and development of an efficient and consumer friendly registration system in the country.

The policy of the MoA in agricultural land management aims a consolidation of agricultural land and creation of big size agricultural enterprises in rural areas. For these purposes within the MoA there is a separate Land Management Division that has the information on agricultural land. The available info source of cadastre and soil information system (Geo Info System – GIS) gives the opportunity to deliver the right data to the interested parties.

Based on above mentioned information it is possible to:
1) Look for the land plot based on identification code;
2) Print out the exact land plot information in the special form (soil maps with Soil Suitability Classes, composition of cilium and calcium and quality).

If the identification code is not provided it is possible to locate a land plot based on topology and orthophotos. At the same time, with the above mentioned actions the MoA in coherence of above mentioned criteria and in order to meet the President’s initiative to create 100 processing factories, MoA drew up the website (www.agro100.ge), which contains sufficient information for potential private agricultural development initiatives.

Private entrepreneurs engaged in the agricultural sector are motivated by the government through the following mechanisms. They are offered to buy at least 200 ha of land for agricultural use and pay only 20% of its price, if the private company will have adequate investments (number of jobs created, volume of processing capacity) alternatively, it will be exempt from other 80% of the land cost). Additionally, the Government is supporting private producers involved in agribusiness by giving all necessary infrastructure (road, irrigation) for production.
Rural tourism

Together with the Department of Tourism and National Resorts of the Ministry of Economic Development, Georgian NGO - Elkana is working on determination of the categorization and standardization of rural tourism facilities. The Tourism and Rural Development Project (TRDP) of Elkana has been implemented since June 2006 and is supported by the Swiss Agency for Development and Cooperation (SDC). The project aims at improving the living conditions of rural population through developing rural tourism and valorizing indigenous products and processing technologies. Main Objectives of Project is:

- To create capacity for rural tourism development in Georgia;
- To support traditional regional products and procedures;
- To create direct links between farmers and all potential partners;
- Capitalization and consolidation of acquired experience at the end of the project.

Free Trade Agreement

In accordance with the EU-Georgia European Neighborhood Policy Action Plan Feasibility Study on Free Trade Agreement (FTA) between EU and Georgia is under way. The study is conducted by Polish company “CASE” and is planned to be finished in March, 2008. Meanwhile, with support of the, an additional study was conducted. The results of the study lead to the conclusion that it is in the interest of both sides to sign a “deep” FTA which envisages total (not gradual) abolishment of customs tariffs. The official presentation of the Feasibility Study was held in December 2007.

Implement recommendations of the 2006 Financial System Stability Assessment (National bank of Georgia)

National Bank of Georgia conducted number of actions in accordance with Basel Core Principles. Work on a draft regulation on consolidated supervision is in process. Commercial banks are required to present to NBG, along with regular financial statements, information about 40 largest borrowers and depositors as well as information about lending to wine and mineral water businesses and mortgage loans. To perform external audit of commercial banks according to the International Audit Standards as well as define relationship between the NBG and external auditors of commercial banks, there a draft Regulation on External Auditing of Commercial Banks was developed and submitted to the Ministry of Justice of Georgia for a legal opinion. A draft regulation on “Risk Management in Commercial Banks”, was developed and submitted to the NBG Legal Department and commercial banks for further comments. The draft agreements on cooperation were prepared with regard to the Azerbaijan, Turkish, Kazakh and Ukrainian supervisory authorities of which the work on a draft agreement with the Turkish party was completed and signed in November 2007.
In order to implement the second recommendation by FSAF, put into practice consolidated supervision and increase coordination with other financial sector supervisors, MoUs between the “National Bank of Georgia and the National Securities Commission of Georgia on Cooperation” and the “National Bank of Georgia and State Insurance Supervision Service of Georgia on Cooperation” was prepared and signed in February 21, 2007. Later in July 2007, National Securities Commission, State Insurance Supervision Service has been united with the Financial Monitoring Service under the National Bank of Georgia.

Statistics
In the Department of Statistics the work in the direction of analyses of present situation of Georgian Statistics System has began. With this purpose the agreement was achieved with the World Bank about “Implementation of global assessment of National System of Statistics». The project will be carried out in the framework of PHRD grant. All necessary documentation is already prepared. The implementation of project will start in 2008.

Support of Investments
In order to improve the business environment a number of activities has been carried out. The Law of Georgia on “Free Industrial Zones” which aims to provide the better environment and stimulus for economic activity in the country and to support influx of capital and technology through creation of free economic zones has been approved in August 2007. The work has been started on creation of the first zone including the selection of companies and development of the secondary legislation, which will regulate and optimize zone’s administrative and other aspects. The work on implementing the Regulatory Impact Assessment (RIA) system is under way. Its main target is to assess the impact of a new legislation of the investment climate of Georgia and to further reduce an administrative burden to companies accordingly. Seminars and trainings were held on this subject with international experts participation, which will be followed by the creation of the relevant regulatory framework.

On June 21, 2007 Georgia has signed the framework agreement between European Investment Bank and Georgia. This agreement regulates general conditions of EIB for financing investment projects in Georgia. The agreement was ratified by the Parliament of Georgia on July 11, 2007.

The work is underway to define the sectoral priorities and project proposals for EIB activities in Georgia.

Promotion of the exchange of information and of best practice on enterprise and industrial policy and associate Georgia to EU initiatives to stimulate competitiveness (e.g. exchange of information, participation in networks and studies, training):

- The forum “Invest in Georgia” was held on May 8, 2007 in Israel. The forum promoted potential of Georgian banking, insurance, construction, transport, communications and tourism sectors. Georgian business community had
meetings with the businessmen from Israel and they presented their business activities. The meeting was helpful to build business relations.

- **Georgian-Czech Business forum** was held on May 11, 2007 within the frames of the visit of Mirec Topolanek, the Prime Minister of the Republic of Czech in Tbilisi.

- Forum "Invest in Georgian Banking" was held on June 1, 2007 in Tbilisi. The forum promoted the newest projects, credit facilities, full service of insurance and leasing companies and other bank products presented by the leading banks of the banking sector.

- Business forum was held on July 2, 2007 in Astana, Kazakhstan. The forum promoted the potential of the Georgian banking, construction, transport, agriculture, food and tourism sectors. The aim of the forum was to present attractive tax system, flexible banking service and in general favorable investment climate of Georgia.

- **Georgian-Bulgarian business forum** was held on July 9, 2007 in Tbilisi. The agreement between the chambers of commerce of Georgia and Bulgaria was signed. The forum presented the potential of communications, pharmacy, construction and tourism sectors of Georgia.

- **International business forums** GEORGIA IS COMING TO YOU! were held from October 29 till November 5, 2007 in Vienna, London and New York, hosted by the three famous periodicals: Economist, Financial Times and The Wall Street Journal, also by Dow Jones. The main aim of the forums was to present to foreign investors an attractive investment climate of Georgia, the reforms and the future plans of the government. The forum promoted the potential of the finance, energy, natural recourses, agriculture and real estate sectors of Georgia.

- **Georgian-Turkish business forum** was held on November 21, 2007 in Tbilisi. The President of Georgia and the President of Turkey participated at the forum. The agreements between Georgia and Turkey on “Avoidance of double taxation and non-payment” and “Free trade” were signed at the forum.

### E-Government

A draft of a New Numbering System and the Plan for Electronic Communications Networks of Georgia had been elaborated by the Ministry of Economic Development of Georgia. It should encourage establishment of new techniques and technologies in the electronic communications networks, further development of entrepreneurship and improvement of quality of service for customers.

Two phase tender was announced in December of 2006 for creating “Georgian Governmental Network”. “Macticom" Ltd. won the tender. Currently "Macticom" Ltd and entities defined by the Decree of Georgian Government #408 of 30.07.07 are establishing the agreements, in accordance to which technical work will be done till the end of 2008 using the techniques granted from Cisco Systems Inc to the Government of
Georgia. The creation of the mentioned network will be the basis for “E-Government” system of Georgia.

**Electronic Signature**

Office of the State Minister for Reforms Coordination together with the Ministry of Economic Development of Georgia has prepared a draft law “on Electronic Signature and Electronic Document”. It aims at the establishment of an e-signature in public and civil relations, assignment the equal juridical force to e-signature as personal signature and others. The above-mentioned draft law was presented to the Parliament of Georgia for discussion in May 2007.

**Standardization, Accreditation and Metrology**

The Standardization Agency has prepared an application for joining to CEN (European Standardization Committee). The process of amending the application in accordance with recommendations from international experts is underway. Institutional changes were carried out in the structure of the Agency. International Information Center was established to ensure information exchange, publication of documentation, answering questions, preparation of notification in respect of technical barriers to trade according to the WTO TBT requirements. Server is purchased for improvement of technical base of the International Information Center. It was put into operation in December 2007.

Specialists of the Agency participated in the trainings and seminars carried out in the Lithuanian Standards Board in respect of operation of WTO TBT inquiry point and institutional and legal framework of quality infrastructure of Baltic countries – 172/4.

After the successful negotiations with the Turkish Standards Body the Agency from the 1st of January 2008 will get access to the Turkish national standards, which are harmonized to the standards of the European Standardization Committee (EN standards). It is foreseen further development and strengthening of cooperation on regional level in the field of standardization.

The process of updating of the National Standards Fund is carried out for maintaining relevance of standards, as prescribed by the guiding documents of any international or regional organizations in the field of standardization. Permanent analysis of the Georgian legislation is carried out as well. 75 laws of Georgia used in the field of technical regulation are registered in the register of standards and technical regulations. Works are in process and the legal texts issued by the ministry of Labor, Health and Social Affairs Georgia and Technical supervision State Inspection has been analyzed. These legal texts will be registered in the registry in the 1st quarter of 2008.

The Agency has prepared the documentation in respect of becoming association member of the General Conference for Weights and Measures and for further signing of Mutual Recognition Agreement (MRA) under the International Committee for Weights and Measures.
The Agency actively participates in the work of the Regional Metrology Organization COOMET. The Agency submits application for the participation in several COOMET projects (reference materials 182/BG/99, 183/BG/99, ionizing metrology 350/BY/05). The reference materials division of the Agency participated in the projects 182/BG/99 Development of CRMs (certified reference materials) for composition of alcoholic drinks rakiyas (brandies) and 183/BG/99 Development of CRMs for composition of ethyl alcohol of agricultural origin and interlaboratory comparisons. Accreditation Centre elaborated and registered Georgian translation of international standards of this field EN45001, ISO/IEC17025 (Laboratory accreditation) and EN45011 ISO/IEC17025 (Certification body accreditation), also:

- ISO/IEC - 43-1 laboratory inspection on quality of testing by comparative testing between laboratories (maintain and realize programs of testing quality inspection);
- ISO/IEC - 43-2 laboratory inspection on quality of testing by comparative testing between laboratories (select and apply programs of testing quality inspection by laboratory accreditation bodies).

Accreditation centre pays attention on inspection of laboratories using reference materials (standards) according to international standards, also by comparative testing between laboratories. As a result a document of comparative testing between laboratories, which is already introduced and comparative testing between laboratories with Georgian and German laboratories are carried out by Accreditation Centre, was elaborated.

Through international cooperation, Accreditation Centre began cooperation with Latvian National Accreditation Bureau LATAK, also with Belarusian Gosstandart and Ukrainian Gospotrebsstandart. Following issues are reviewed with them:

- Joint action between two countries for reducing technical barriers in trade of products;
- Accomplishing of Mutual cooperation between laboratories and certification bodies;
- Information exchange in field of regulatory legislation;
- Mutual cooperation in comparative testing between laboratories;
- Preparation of experts;
- Assistance of Georgian Accreditation Centre to set closer cooperation with EA (European Cooperation for Accreditation).

Works for ensuring traceability of State measurements standards as well as preparation activities for participation thereof in regional and international comparisons are carried out permanently at the Metrology Institute of the Agency for Standards, Technical Regulations and Metrology.
In 2007 in Ukrainian National Scientific Center – Metrology Institute (Kharkov) and in Ukrmetrteststandard (Kiev) the comparison of state standard of unit of the direct current power of the Agency with participation of scientific keeper of the standard was carried out. Implementation of the achieved results in the Agency gives capability to verify measuring instruments of 0.01 and lower accuracy class. Electrical division of the Agency elaborates verification method for alternating current power bridge that makes possible on-site control of parameters of electrical insulating materials. The State Standard of unit of temperature with range 0-650°C is put into operation and comparison thereof has been carried out with the Ukrainian standard. Standard will ensure traceability and uniformity of measurements in Georgia in the field of temperature measurements.

Ionizing Metrology Division submits draft project of III phase of the technical cooperation “Creation of radiochemical laboratory” for approval to the IAEA general conference. The preparation works (rooms and auxiliary premises) for the above mentioned laboratory at the Agency (for preparation of ionizing sources of any activities locally) are finished.

Upgrading of the equipment is started in the reference materials division of the Agency. New equipment is purchased and works in order to manufacture reference materials on-site has been started. The question of further upgrading of laboratory equipment of the division is included in the forthcoming EC TACIS project.

Department for Standards and Technical Regulations of the Agency elaborates documentation of quality management system (quality policy, quality manual etc). Mentioned documentation has been submitted for evaluation to international experts. After evaluation it will be implemented in the respective department of the Agency. Divisions of the Metrology Institute have started works with COOMET Quality Forum in the respect of implementation of quality management systems.

The specialists of the Agency took part in the trainings carried out on 3-5 July 2007 in Turkey, Ankara “Basis of the quality management systems” and received relevant certificates and the training on implementation of uncertainties of measurements in metrological practice carried out on 18-21 September 2007 in Azerbaijan, Baku.

**Intellectual property**

Over the reporting period the legislation of Georgia was further harmonized with the EU legislation and international treaties related to the intellectual property. More than 150 amendments were made to the “Law of Georgia on Copyright and Related Rights”. These amendments were prepared taking into account EU Directives 2001/29/EC, 92/100/EC, 2001/84/EC, 96/9/EC, 93/83/EEC and requirements of the Internet Treaties of the World Intellectual Property Organization (WCT, WPPT).

By the adopted amendments:
- the use of the subject-matter of copyright and related rights in the cyber space (“on the Internet”) was regulated;
- authors and holders of related rights were granted new rights, which had not existed before;
- the terminology and explanations used in the law were harmonized with the terms accepted in international practice and their meaning;
- the relations linked with the “databases” which are not works and are different from the “database” protected by the copyright were regulated in a new way. Accordingly, rights of makers of such databases were protected as well;
- procedures linked with the deposition of a work with Sakpatenti, which led to the clarification of the legal content and results of the deposition of a work;
- criteria and terms of the foundation and activity of collective management organizations of economic rights were regulated in a new way.

Amendments to the Law "On Border Measures Relating to Intellectual Property" in 2006 came into effect, in which the requirements of EU Directive 1383/2003EC were taken into consideration. Under the Law, a special register was established at the Customs Department of Georgia, in which every interested party can register his trademark, subject-matter of copyright and related right, database, geographical indication and indicate the information necessary for the identification of the goods. In case of the appearance of suspicious goods, the customs officials are entitled to stop these goods. If the suspicion proves to be grounded, the rightholder can appeal to the court and demand the reparation of damages and destruction of the goods.

Amendments were adopted in 2006 to the Law on Trademarks". According to the amendments, absolute and relative grounds of refusal for the registration of a trademark were edited and corrected with regard to the content. On application to the court it has become possible to consider the registration as invalid even in the cases when the registration was made with an unfair intention, or the representative or agent of the holder of the trademark registered the trademark in his name without the permission of the owner, or the registration infringes the copyright of a third party. Rules of publication and appeal of the decision concerning the trademark registration, the possibility of extension of registration validity term and its restoration were specified.

Significant amendments were made in 2006 to the Criminal Code and the Code of Administrative Violations of Georgia. Under the amendments, Article 189 of the Criminal Code was divided into two parts. Article 189 was formulated as "Infringement of Rights of the Holder of Copyright, Related Rights and the Maker of a Database" and Article 1891 "Infringement of Industrial Property Rights" was added to the Code. Owing to this, every possible variety of infringement of rights is reflected fully, which was not envisaged before. The introduction of aggravating circumstances such as the purpose of making high and especially high profit and the crime committed by a group with premeditated conspiracy is also noteworthy.

In the Code of Administrative Violations of Georgia the list of infringing actions were extended in Article 1571, in particular, "circumvention of technological measures, illegal purchase, importation, storing, sale, lending or other illegal use of counterfeit copies" was regarded as an unlawful act. The fine amount was increased considerably too. Namely, for the administrative offence committed for the first time a fine is envisaged from one thousand to three thousand lari (EUR 425-1276) (instead of five hundred to one thousand lari), and for the repeated offence committed during one
year - from three thousand to five thousand lari (EUR 1276-2128) (instead of from one thousand to three thousand lari). Along with this, the materials, devices and technical measures used for reproduction of counterfeit copies and circumvention of technological measures were subjected to seizure. Relevant editorial changes were entered in the note to this article too. The new version of Article 157\textsuperscript{2} of the Code of Administrative Violations envisages unlawful change, destruction or distortion of rights management information, misleading the consumer.

The function of the legal protection of new varieties of plants and animals was transferred to the National Intellectual Property Centre Sakpatenti, which had been previously the competence of the Ministry of Agriculture of Georgia. As a result, at Sakpatenti rights are granted and legal protection is ensured for all the subject-matters of intellectual property.

Sakpatenti drafted the Laws of Georgia “For the Protection of New Varieties of Plants” and “For the Protection of New Varieties of Animals” and these laws entered into force in January of 2007. In the process of drafting the laws, the requirements of the International Convention for the Protection of New Varieties of Plants (UPOV Convention) were taken into account. In 2007 Georgia acceded to the UPOV Convention and joined the International Union for the Protection of New Varieties of Plants (UPOV).

It should also be noted that prior to joining the UPOV Union, the full conformity of the national legislation with the UPOV Convention was examined by the Council of UPOV and a favorable decision was taken, which is a compulsory condition for every country to become a member of the UPOV.

The collective management of the authors' rights in Georgia is performed by the “Georgian Author’s Society”, which unites a great part of Georgian authors, has agreements on mutual representation with more than 100 similar organizations of various countries, is a member of the International Confederation of Societies of Authors and Composers (CISAC).

In 2007 a bilateral treaty entered into force between Georgia and Ukraine on mutual recognition and legal protection of appellations of origin of wines, spirits and mineral waters. Georgia officially addressed all the CIS countries for the conclusion of similar treaties and the negotiations procedures have already begun.

Over the period under review Sakpatenti translated into the Georgian language, published and distributed free of charge WIPO publication Intellectual Property, WIPO International Patent Classification, International Classification of Goods and Services (Nice Classification).

Along with this, Sakpatenti published and distributed in Georgia brochures on the intellectual property protection system What is a Patent? What is a Trademark? What is
a Geographical Indication? What is Copyright? etc. The book of Georgian authors
International Copyright Law was published, in which commentaries to the Berne
Convention for the Protection of Literary and Artistic Works, the International Convention
for the Protection of Performers, Producers of Phonograms and Broadcasting
Organizations (Rome Convention) and the Agreement on Trade-Related Aspects of
Intellectual Property Rights (TRIPS) are offered.

In 2007 the website of Sakpatenti was renewed, where interested persons already have
an opportunity of familiarization with the databases of Sakpatenti, information concerning
patents granted and trademarks registered in Georgia, which had been previously
available only in the local network of Sakpatenti. Users can also familiarize with the
legislation of Georgia and international treaties in IP sphere, receive necessary
information concerning filing an application, examination, fees, granting of a title of
protection and other issues linked with the acquisition of rights, patent attorneys working
in Georgia. The website allows users to receive from examiners of Sakpatenti answers
to interesting questions.

**Fight against corruption**
The Action Plan on the Implementation of the National Anticorruption Strategy of
Georgia was adopted on 28 March 2007 under the Presidential Directive №155. Later,
on 2 July 2007, due to some changes in the Action Plan, the President of Georgia
the first adoption of the Action Plan, the relevant responsible authorities, among which is
the Office of the Prosecutor General of Georgia, are taking actions for the full
implementation of the Strategy and correspondingly, the fulfillment of the goals indicated
therein.

**United Nations Convention against Corruption** has already been submitted to the
relevant governmental institutions for its evaluation and issuance of the reports on the
convention with intent to determine the compatibility of the domestic legislation with the
conventional provisions, gaps in the legislation and possible legislative changes that
might become necessary after the accession to the Convention, the financial and
economic results that might follow and so on (Bases: Article 9 of the Georgian Law on
International treaties). After the completion of the above-mentioned process the
Convention will be submitted to the Parliament for making final decision on the
accession to the international treaty at issue.

**Georgia has signed the European Criminal Convention on Corruption** as early as in
January 1999. In December 2006 Georgia has finally ratified the Convention. At the
time moment relevant Georgian authorities are working on the designation of the body
responsible for the implementation of international legal instrument at issue. After the
completion of the afore-mentioned procedure the instrument of ratification will be
submitted to the depositary. However, it is important to mention that all relevant
legislative amendments have been taken to ensure compatibility of Georgian legislation
with the Convention standards.
Georgia acceded to the Group of States against Corruption (GRECO) on 16 September 1999. In 2001, Georgia was evaluated by the GRECO, which adopted 25 recommendations to the Georgian authorities (I Evaluation Round). At the 34th Plenary Meeting, which was held in Strasbourg on 16-19 October 2007, the Final Overall Assessment Report was discussed by which the First Evaluation Report is concluded. The II Evaluation Report of Georgia was adopted at the 31st Plenary Meeting of GRECO on 4-8 December 2006. The Overall Assessment of this report is planned to be issued by 30 June 2008. Further evaluations will be conducted after the conclusion of the Second Round Compliance procedure of Georgia.

In the updated National Anticorruption Action Plan there are several reforms stated in order to strengthen the institutional capacity to investigate and prosecute corruption, such as:

1. The government of Georgia announced the plan to increase the independence and effectiveness of the specialized anti-corruption structure. The structure will monitor the activities of the high officials. The commission will be directly subordinated to the President and the Parliamentary Chairperson.

2. Implement legislative changes:
   - Reinforce civil servants' liabilities regarding the notification on corruption crimes;
   - Strengthen the security of such civil servants;
   - To implement and refine whistleblower protection system in accordance with international standards;
   - Further develop the rules on criminal liability of legal entities;

3. set up a Prosecutor’s Council as an independent body within the prosecutorial system;

4. improve/develop a witness protection system;

5. Professional training and refreshing of different police divisions
   - Border police,
   - Criminal police,
   - Patrol police,
   - District police officers,
   - Temporary placement cell officers;

6. Organize regular trainings for the prosecutors of Tbilisi, district, regional, and Prosecutor General's offices.

For strengthening of transparency and improvement of effectiveness of the anti-corruption activities President approved “National Anti-corruption Strategy of Georgia” on June 24, 2005.

The National Anti-Corruption Strategy of June 2005 identified civil service reform, rule of law, improvement of public monitoring, support for increasing of competitiveness of the business environment, etc.

On the basis of National Anti-Corruption Strategy, on March 28, 2006 President approved Implementation Plan of Approval of Anti-Corruption Strategy (Decree #155). The plan, which consists of three parts, is to be updated annually.
The new Presidential decree required strengthening of all anti-corruption measures – this paragraph reflects concrete anti-corruption activities (anti-corruption analysis of legislation; elaboration of a special system of anticorruption supervision of high-level officials; etc.);
The new decree required strengthening of mechanisms fighting corruption - this part consists of general anti-corruption activities (reforms in courts and law enforcement system, reform of the civil service system, etc.)
International part – this part includes international commitments (fulfillment of recommendations by International Organizations; ratification of anti-corruption conventions, etc.).
Six month and annual progress reports on the fulfilment of the Action Plan for the Implementation of the National Anti-Corruption Strategy of Georgia have already been prepared. In April 2007 based on the analysis into Anti-Corruption Strategy and its Action Plan, updated versions of the Strategy and Action Plan were developed. The Strategy, its Action Plan and report have been widely discussed. The action plan was approved by the government and later on July 2, 2007 by the Decree of President.

The updated Action Plan consists of four parts:

**Efficient and corruption-free public sector** – Introduction of electronic signature; improvement of budget and treasury system; improvement of the level of transparency within public sector and better financial control; efficient implementation of the hospital sector reform, etc.

**Competitive and corruption-free private sector** – this part covers the measures aiming at the improvement of customs and taxation systems, etc.

**Improvement of the performance of judiciary and law enforcement systems** – improvement of the structure and performance of the law enforcement agencies with a view to increasing their efficiency; improvement of judicial system; improvement of the penitentiary system; development of mechanism of protection of witnesses and accusers, etc.

**Improvement of legislation in terms of fighting corruption** – this part includes: fulfilment of the country’s international commitments (e.g. the ratification of the United Nations Convention on Corruption, etc.), implementation of applicable standards and guidelines, etc. Currently the Anti-Corruption Strategy is being revised by the government.

With a view to ensuring compatibility of the Georgian legislation with the international standards of corruption and introduction of criminal liability of legal entities for corruption Parliament of Georgia ratified the European Criminal Convention on Corruption in December 2006. The legislative amendments were initiated with a view to ensuring compatibility of the legislation in force with the Convention in 2007.

The aforementioned package of legislative amendments provides for the liability of legal entities for corruption, meaning that a legal entity engaging in corruption can be fined.

Steps are taken to accede to the United Nations Convention on Corruption. In cooperation with the American Bar Association (ABA CEELI) comparative analysis into Georgian legislation and the United Nations Convention on Corruption has been undertaken. Now the involved agencies are working on the harmonisation of the Georgian legislation with the Convention and the ratification thereof.

It should be mentioned that according to the assessments of the Council of Europe Group of States against Corruption (GRECO) and Anti-Corruption Network of Transitional Countries (ACN/OECD), criminal code of Georgia is compatible with the best international practices (in terms of fighting corruption).

Legislation was amended to reduce political influence in appointing judges. President is no longer entitled to appoint judges. Judges are now appointed by the Higher Council of Justice, of which politically affiliated members will have a reduced mandate.

The penal code has also been amended to bring money laundering procedures in compliance with applicable international standards. Amendments were made to the following acts: the Law on the Conflict of Interests and Corruption of High-Rank Officials, Parliament’s Regulations, the Law on the Status of a Member of the Parliament, the Election Code and the Organic Law on the Prosecutor’s Office.

The legislative package: treats corruption and conflict of interests separately, lists examples and systematizes norms identifying responsibility. improves the procedure of filling in property declarations by civil servants and introduces better norms of professional ethics.

The law on public employees’ conflict of interest and corruption may be included in the Public Service Code.

These amendments are enough to fulfil all the six GRECO recommendations produced at the 2nd round.

Information on customs and taxation is provided below under the priority area 3.

**Priority area 3:** Encourage economic development and enhance poverty reduction efforts and social cohesion, promote sustainable development including the protection of the environment; further convergence of economic legislation and administrative practices
Budgetary planning

Significant changes have been made to the system of budgeting to increase its transparency and enhance budgetary control. The budget preparation process was further improved in 2007. This concerns first and foremost the 2007-2010 BDD, which was prepared by the Minister of Finance in close cooperation with the Office of the State Minister on Reforms Coordination and with active involvement of line ministries. As a result, the BDD is a comprehensive document, containing: (i) the Medium-Term Action Strategy of the Government of Georgia; (ii) medium-term macroeconomic and fiscal forecasts; (iii) medium-term priority directions defined by the ministries in order to achieve the overall aims and objectives; and (iv) preliminary expenditures ceilings for line ministries covering the period 2007-2010.

The 2007 State Budget Law contains for 23 of the 44 spending agencies a section “main strategic directions”, which summarizes the strategies, aims and results. Although this still leaves room for improvement, the 2007 Budget Law represents significant progress as compared with the 2006 Budget Law. First of all the “main strategic directions” in the 2007 Budget Law were prepared according the prescribed format focusing on the strategies and priorities, whereas in 2006 the information rather repeated how money was planned to be spent. Secondly, in 2007 53 percent of the spending agencies prepared these explanatory notes, compared with 28 percent in 2006.

Medium-term expenditure framework, which is a new system of budgeting, was introduced in 2005 to exercise the enhanced budgetary control. MTEF contributed to improving the policy content of annual budget preparation and achieving greater transparency and accountability in budget planning and expenditure management. The MTEF has been an integral part of the budget preparation process, following the time table and requirements of the Budgetary System Law. The first milestone was the Basic Data and Directions (BDD) 2006-2009 document, which incorporated a detailed assessment of our medium-term resource envelope, based on revenue forecasts from the Government macroeconomic framework. The second achievement was the Budget Circular, which for the first time contained three-year expenditure ceilings. The third improvement concerned the Explanatory Notes to the budget required by the Budget Law, which gave a better insight into the priorities and spending plans of the line ministries.

It is noteworthy that the law on budgetary system was amended (when?). Budgetary circular, which covers medium-term expenditure framework for 2007-2010, has also been simplified. Government agencies will submit their budgetary applications, drafted in conformity with the applicable instructions, to the Ministry of Finance by 15 August each year. The indicators of budgetary assessment that have already been worked out will help put in place a system of internal control at line ministries. The indicators will be a strong instrument monitoring budgetary flows allowing for relevant mid-term analysis. Apart from this, the changes imply that all budgetary institutions are to submit information on technical assistance and non-budgetary grants, which will help form a sectoral picture of foreign assistance.
The strategy document lists 2007-2010 GoG priorities and details projected outputs of GoG reforms and priorities as well as guidelines of the reforms. The strategy is a framework document, which stipulates that all GoG action plans and reforms should comply with it.

The BDD document incorporates medium-term action plans of the ministries. This document is a mid-term GoG strategy, updated annually according to the time-frame detailed in the law “On the Budgetary System”. The law stipulates that BDD planning should start on March 1. Before that, however, GoG midterm strategy and action plans of the line ministries are to be updated (action plans of the line ministries are to be updated in line with GoG decree #2 of January 10, 2007). On 15 April the BDD is presented to the Government. On 1 May the Government is to present the BDD to the Parliament; On 1 June Parliament is to present to the Government its report; On 15 June upper limits of expenditures are to be set.

A Gender Equality Action Plan has already been developed, which provides for: setting up of a Gender Equality inter-agency commission, developing the Gender Equality legislation, raising public awareness of the Gender Equality and inclusion of Gender issues at each stage of education within the Education Programs.

The Gender Equality Action Plan was approved on September 26, 2007.

*Agriculture*

**Starting the elaboration of a Medium Term Development Strategy for Agriculture**

In order to elaborate the Medium Term Agricultural Development Strategy the Ministerial decree N2-88, dated June 2007 has established a working group at the Ministry of Agriculture of Georgia (MoA), consisting of relevant public and private representatives, as well as, related research institutions. Additionally, in the frames of the strategy drafting process, the international tender for elaboration of the wine sector strategy in August 2007 has been announced by the Ministry representing an essential part of the Medium Term Agricultural Development Strategy, as a whole. At present, official winner of the tender is selected and the program will be presented in 2008.

At the same time, the issue of drawing up of the Medium Term Agricultural Development Strategy has been covered by previous Food Security Program (FSP) which was supported by the EC. Elaboration of the Medium Term Agricultural Development Strategy before autumn 2008 is set as a precondition for the implementation of the further FSP Program. Therefore, the Ministry plans to draft Medium Term Agricultural Development Strategy by summer of 2008, before signing a new financing agreement in the frames of FSP.

**Starting negotiations on the EU-Georgia bilateral agreement on the Mutual Recognition and Protection of Appellations of Origin and Geographical Indications (GI's)**
Within the Lisbon Agreement administered by the World Intellectual Property Organization (WIPO) Georgia registered in the International Register additional 10 appellations of origins of Georgian wines. At present 18 appellations of origin of wines and 2 appellations of origin of mineral waters are registered in the International Register. The official negotiations between EU and Georgia on concluding an agreement on mutual recognition and protection of Appellation of Origin and GI’s of agricultural products and other food stuff was launched on 20th of July, 2007. 2 rounds of negotiations have been conducted in 2007. According to the Ministerial decree N2-140, of 5 September 2007, working group was established at the Ministry consisting of relevant public and private representatives, as well as related research institutions. The task of the working group is to prepare all required documentation for holding further negotiations on recognition and protection of GI’s of agricultural products and other foodstuff, particularly: preparation of legal basis and appropriate institutional formation.

For the purpose of study and analysis the exchange of relevant legal documents and information with European side has already occurred. On this stage, besides other legal documents the list of 18 Georgian registered wines with the denomination of origin (DO) has been provided to European side. The Ministry plans to enlarge the mentioned list in future. As for other agricultural products possible list which complies with the requirements for granting GI’s is under elaboration process.

On this stage negotiations have been hold successfully. On the II Round of Negotiations, preparation work performed by Georgian side was evaluated positively from the side of EC delegation. Until the end of 2007 EU side will present a draft of the agreement on which the specific negotiations will be continued. According to the arrangements made on the II Round of EU-Georgia Negotiations held in Tbilisi, on 24th of October, 2007 the bilateral agreement on the mutual recognition and protection of Appellations of Origin and GI’s shall be signed until the end of 2008, if Georgian side brings the relevant legal documents into compliance with European legislation and will create all appropriate conditions, especially an establishment of control mechanisms for GI’s. On the aforementioned negotiations Georgian side has raised a problematic issue related to those Georgian GI’s which have been registered as private Trademarks in EU member states. EC Delegation expressed its readiness to support Georgian side in solving of these problems. Above this, European side extended its willingness to conduct special seminars and training programmes for relevant Georgian institutions and representatives on effective protection mechanisms of GI’s.

Presumably, the third round of negotiations will be conducted in Brussels, in January of 2008.

Cooperate with international organizations aimed at introduction and establishment of a Rapid Alert System (RASFF)

The establishment of a Rapid Alert System on Food and Feed (RASFF) has been identified by the MoA and presented to EC, as one of the priority of the Ministry in the food safety sector. EC expressed their opinion about RASFF system implementation and
stated that it requires sufficient monitoring and controlling mechanisms. Number of conditions has to be indicated for the effective implementation of the RASFF system.

The staff of the Risk Management and Communication Division of the Food Safety, Veterinary and Plant Protection National Service (FSVPP) participated in the training on the RASFF and RAPEX system which was organized by the Health & Consumer Protection Directorate-General of EC.

On the request of the Ministry, Georgian–European Policy and legal Advice Centre (GEPLAC) provided expertise to facilitate the establishment of the RASFF and relevant trainings. With the support of the above mentioned Center, was invited a foreign expert in Georgia, in November of 2007 aiming at preparation of the RASFF system implementation in the country.

Moreover, it is in the frames of expert mission to increase the capacity of FSVPP and Food Safety and Risk Analyses Division in order to insure the effective functionality of RASFF system. During the one week mission foreign expert studied the existing food safety system of the country and conducted seminar about functioning of RASFF system. Besides, the support for the implementation purposes of RASFF system it is planed that practical recommendation will be presented from the expert side, as well as, suggestions for appropriate trainings. In next couple of months it is planed, that the named expert will come for second time to Georgia and will present the ongoing progress report and will set the concrete future plans.

The reforms in administrative and regulation system of wine sector

The MoA has initiated number of steps in order to improve and ensure production of quality wines and to curb falsification of the wines in the country. Therefore, corresponding Georgian legislation has been amended.

New amendments to the Georgian Law on Vine and Wine entered into force on June 5th, 2007. According to it, new control mechanisms conducted by the Vine and Wine Department (Samtrest) has been established and new permanent degustation committee has been introduced to curb export of falsified and low quality wines.

The permanent degustation committee under the Samtrest has been established for organoleptic testing purposes of wines with denomination of origin (DO). The law also envisages the marketing feature, namely, in case of the positive evaluation of the wines with DO by the permanent degustation committee, the Samtrest will label wine bottles with a special hologram - “Approved”, guaranteeing the wine quality and its conformity.

The degustation committee is composed of 36 certified degustators carrying out degustation (twice a week) based on rotation principle. Based on the test results and the information database, the Samtrest approves conformity of wines with DO. In order to verify and double check the samples provided by the wine producer to the laboratory, the Samtrest has the authority to take additional samples from the consignment for
export. In case of issuing false laboratory test report the laboratory faces high fines. Similarly, producers are fined in case of providing to the laboratory a sample different from the products of the certified consignment. High fines are imposed in case of sale of falsified / hazardous to health alcoholic drinks at the public food service enterprises and the marketplaces, specifically:

According to the new amendments to the Law on Vine and Wine, Chapter XII, Art.33: the certification of wines with DO is compulsory. The certification of table and regional wines, and strong alcoholic drinks as well, is optional. In that case, a conformity declaration is sufficient (based on the test report of accredited testing laboratory). A degustation is mandatory for issuing certificate of conformity for wines with DO. In case of other wines, degustation is optional and is conducted by the permanent degustation committee under the Samtrest upon the order of a client. An exporter is obliged to notify 3 days prior the Samtrest on preparing for export a certified consignment, after which, the Samtrest takes decision on taking a sample for referential laboratory testing.

In order to verify the samples provided by an exporter, the Samtrest has the authority to take samples from the certified consignment, not later than 3 working days after the notification laying down in Clause 5 of this Article and send to a testing laboratory for comparing with the samples provided by the exporter. Until the expiration of the above mentioned term, exporting or placing on market the certified consignment is prohibited.

To avoid a misuse of a power from the producer or laboratory and conduct of possible joint illegal actions, the new regulations have been introduced. If a producer/declaring entity provided to the testing laboratory a sample corresponding to the products of the certified consignment and the testing laboratory issued a false report, the laboratory shall be imposed the heavy responsibility according to the legislation of Georgia (Administrative Code, Art.179-4: 5000 GEL [EURO 2137] fee, and for the second time 20 000 GEL [EURO 8547]). If a producer/declaring entity provided to the testing laboratory a sample different from the products of the certified consignment, the producer/declaring entity shall be imposed the responsibility according to the legislation of Georgia (Administrative Code, Art.179-5: 5000 GEL [EURO 2137] fee, and for the second time 20 000 GEL [EURO 8547]). If there is a case laying down in the Clause 7 of this Article, the referential laboratory test fee shall be covered by the laboratory that issued false report. If there is a case laying down in the Clause 8 of this Article, the referential laboratory test fee shall be covered by the producer/declaring entity.

**Agro Credit Line**

In August 2007, under the Rural Development Project (RDP) of the World Bank (WB) the credit line project was launched. The project is co-funded by the MoA and the IFAD. The credit line is provided to the beneficiaries through the five leading Georgian commercial banks. (Bank Republic, Standard Bank, TBC Bank, Bank Cartu, Basis Bank). The aim of the project is to finance mid-term and long-term agro-loans. The loans are targeted to the large and medium size farmers, agro-processing industry, the wholesalers in agricultural sector and producers of agricultural equipment, seed and seedling materials.
The credit resource comprises 16 million USD [EURO 10.9 million] and is given to the banks for maximum 10 years with 4 year grace period. During the four year of grace period the commercial banks are free of face capital and pay only interest rate. As the practice has shown so far, the banks adopted one year grace period for the beneficiaries, that is: first year the business do not pay face capital, but just interest rate and in following years face capital has to be paid as well. The annual interest rate is comprised by LIBOR + 2% + interest rate of the commercial banks. The commercial banks set the interest rate (that is approximately 14%) based on their evaluation, since the entire risk falls on their side. Through this credit line number of sectors has been financed, such as wine and vine seedling production, hazelnut production and poultry production.

**Fulfillment of international obligations in regard of Plant Protection Issues**

The MoA has initiated the accession to the International Plant Protection Convention (IPPC) in the beginning of 2006. As a result later on, in December 2006 the Parliament of Georgia has ratified this convention. The MoA continuously intensified activities concerning the plant protection issues and has elaborated the program for preparation the documents for accession to the European and Mediterranean Plant Protection Organization (EPPO). In addition, the National Service of Food Safety, Veterinary and Plant Protection have prepared the documentation of accession to the European Plant Protection Organization. Accession of Georgia to this organization will facilitate cooperation and better exchange of information. As for the Georgian legislation harmonization with the EU legislation, 29 international standards of phytosanitary measures, as well as EU directives, Polish, Latvian and Estonian plant protection Laws have been already studied. They will serve as the basis of such harmonization. The form of phytosanitary certificate was drawn up and approved in accordance with the sample of International Convention of Plant Protection that will enter into force by the end of 2007. The compulsory procedures for issuing the certificate are: visual check of plant products, laboratory analysis and fumigating of plant products and packaging materials before exporting.

**Facilitation of Biological Agro-production**

The MoA has initiated the adoption of the Law on Implementation of Biological Agro-production on 25th of June, 2006 that entered into force in October 2007. Before, there was no unified legal basis for regulation of bio-production in the country. The law regulates issues related to farming, management, production, processing, certification, labeling, import and sale of bio-products. The law envisages establishment of accredited body for evaluating of products and issuing conformity certificate for the export of bio-products. Recently, the Caucasus Cert has been granted with an international accreditation for issuing the export certificates in the region (Georgia, Azerbaijan and Armenia) bio-products. This will allow Georgian bio-products to enter into international and EU markets without any hindrance. At the same time, according to the Ministerial decree No 2-42a of 3rd April, 2007 the working group composed of the representatives of different departments of the MoA and the representatives of NGO Biological Farming Association (Elkana) was established in order to harmonize the legislation of Georgia on
bio-production with the relevant EU regulations; the new legislation on bio-production will be fully consistent with Council Regulation (EC) No 834/2007 of 28 June 2007. In addition the working group has elaborated the standard requirements and conditions for the bio-production and the list of the allowed substances in bio-production that is on final stage and will be submitted for approval in the nearest future. The association *Elkana* has been active in bio-production sector for almost 13 years that nowadays represents about 450 farmers and 500 entrepreneurs (wine producers, fruit juice producers, tea producers, honey producers and etc.) *Elkana* has actively promoted Georgian bio-products in Georgia and worldwide. Most-notably, for the last 3 years it is regularly participating in main agricultural exhibitions held in Tbilisi at *ExpoGeorgia* convention centre and has also taken part at the world’s leading exhibitions. In recent years the MoA has supported bio-production in Georgia and strengthened cooperation with bio-production industry. For example, in year 2007 the MoA has included bio-products in its target program *Arrangement of Exhibitions in Agricultural Sector* and is providing financial assistance that fully covers the 25 sq.m. fee and the stand construction at 8th International Fair for Agro, Food and Drink Products, Packaging and Processing Equipment exhibition at *ExpoGeorgia* center that has been hold on 5-8 December, 2007 where large number of countries have participated in the exhibition, such as Azerbaijan, Armenia, Turkey, Ukraine and Baltic states. With the initiative of the MoA, at this exhibition special corner was given to the bio-products. Beside, the advertisement campaign, a conference on the future developments of bio-production in Georgia will be organized with the support of German Technical Cooperation (*GTZ*). The conference will cover such issues as quality, agro-truism, etc. For the year 2008, the MoA plans again to include bio-products in its target program *Arrangement of Exhibitions in Agricultural Sector* and provide similar financial assistance for participation in *BioFach 2008*.

**Public Internal Financial Control and related issues**

Financial management and control (FMC) system of Georgia is mainly based on the present Budget Systems Law which was prepared by the support given by US Treasury starting by early 2000s. Since then, the MoF has gone through continuous attempts to improve the FMC.

The Ministry of Finance wishes to introduce a managerial accountability system benchmarked against international standards and European best practice. In this respect, the Working Group on Internal Audit under the supervision of the First Deputy Minister of Finance has been established on July, 2007. At the start of the process of change, the Ministry envisage the broadening the experience of the members of the working group on international best practice.

The purpose of the new draft law “About the Chamber of Control of Georgia” is to reflect and implement reforms planned within the system of the Chamber of Control, in particular to ensure the independence and transparency of the Georgian Supreme Audit Institution, to make accounting and auditing activities meet with international standards. The mentioned new draft law is already sent to the parliament for further discussions. With regards the common internal control system, the works are underway to start the elaboration of internal control standards and creation of the common internal financial control system in the Country.
**Financial services**

Implement recommendations of the 2006 Financial System Stability Assessment (National bank of Georgia)

National Bank of Georgia conducted number of actions in accordance with Basel Core Principles. Work on a draft regulation on consolidated supervision is in process. Commercial banks are required to present to NBG, along with regular financial statements, information about 40 largest borrowers and depositors as well as information about lending to wine and mineral water businesses and mortgage loans. To perform external audit of commercial banks according to the International Audit Standards as well as define relationship between the NBG and external auditors of commercial banks, there a draft Regulation on External Auditing of Commercial Banks was developed and submitted to the Ministry of Justice of Georgia for a legal opinion. A draft regulation on “Risk Management in Commercial Banks”, was developed and submitted to the NBG Legal Department and commercial banks for further comments. The draft agreements on cooperation were prepared with regard to the Azerbaijan, Turkish, Kazakh and Ukrainian supervisory authorities of which the work on a draft agreement with the Turkish party was completed and signed in November 2007.

In order to implement the second recommendation by FSAF, put into practice consolidated supervision and increase coordination with other financial sector supervisors, MoUs between the “National Bank of Georgia and the National Securities Commission of Georgia on Cooperation” and the “National Bank of Georgia and State Insurance Supervision Service of Georgia on Cooperation” was prepared and signed in February 21, 2007. Later in July 2007, National Securities Commission, State Insurance Supervision Service has been united with the Financial Monitoring Service under the National Bank of Georgia.

**Environment**

Georgia actively participated in the Commission on the Protection of the Black Sea Against Pollution. In 2007 the Minister of Environment Protection and Natural Resources of Georgia participated in the meeting of the Ministers of Environment Protection of Danube River Basin, at which the system for information sharing has been planned to be created in the countries of the Black Sea region. Besides, the delegates of the Ministry participated in the meetings of Danube-Black Sea working group.

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In order to ensure ecologically safe and economically optimal use of surface-water resources, the decision has been made to establish the principles of water basin...
management. Consequently the draft law has been elaborated on “Water Basin Management”, currently being discussed within the Ministry.

Preparation of the report on the implementation of the Kyoto Protocol, including the steps taken to introduce the Clean Development Mechanism (CDM) and develop projects in the field was started.

The efforts continued to stimulate the introduction of clean technologies in the mountain regions of Georgia on the example of Oni district (pilot project). The following main activities are being carried out:
- Installation of Individual Solar water boiler;
- Installation of “Methanetankse” to obtain Methane for energy needs from cattle manual;
- Installation of 2 Micro hydro power plants and 60 energy efficient wood stoves;
- Elaboration of action plan on energy based upon the application of local energy resources in Oni district;
- Implementation of pilot projects (rehabilitation of small hydro power plants; rehabilitation of Geothermal Hot Water Supply municipal systems);
- Developing of national strategy for use of renewable energy resources;
- Rehabilitation of 2 micro hydro power plants and construction of 1 micro hydro power plant;
- Preparation of the Second Report to the UNCCC.

The project: “Support of the Ministry of Environment Protection and Natural Resources of Georgia in Environmental Planning” (grant 110 000 USD) has been implemented since June of 2006 with the financial support of UNDP and the trust fund of Czech Republic aiming at elaboration of the Second National Programme of Environmental Protection. The draft of the Second National Programme of Environmental Protection, currently being under elaboration, is planned to be approved by the decree of the President in the first half of 2008.

The Policy Document on Forestry has been drafted and approved by the government of Georgia and will be submitted to the Parliament of Georgia for the final approval in the nearest future. The main objective of the document is the preservation of ecological, economical and social functions of forest in the way ensuring the maximal benefit for society.

In order to implement the tasks and objectives defined by the draft Policy Document on Forestry, the legislation regulating the forestry sector - “Forestry Code”, is being under elaboration and is planned to be submitted to the Parliament in spring of 2008.

The Draft Law on “Amendments to the Law of Georgia on the Protection of Atmospheric Air” has been elaborated and, after inner discussions at the Ministry, has been submitted to the Parliament for approval. It is currently under the committee hearings.
In October the Conference of the Ministers of Environment Protection was held in Belgrade, where the Georgian delegation was represented. Prior to the Conference the Ministry of Environment Protection and Natural Resources of Georgia prepared and submitted to Belgrade the report on the European environment carried out by Georgia, which later has been published as a book.

Reforms of the science sector

To assist Georgian scientists and students to participate in programmes such as TEMPUS, Erasmus Mundus, Marie Curie, as well as in the 7th European Community Framework Programme.

In 2007-2008 approximately 3 mln. Euros had been allocated for Georgia, Armenia and Azerbaijan in the framework of the Erasmus Mundus External Cooperation Window programme, and the mobility limit for Georgian citizens is up to 40 persons in 2007-2008.

In 2007-2008 one project with the participation of Georgia was financed where the Alexander Technological Educational Institution of Thessaloniki is the coordinator. Alongside with three universities from Georgia (Ivane Javakhishvili Tbilisi State University, Shota Rustaveli Batumi state University and Iakob Gogebashvili Telavi State University), 15 universities from Armenia, Azerbaijan, Portugal, Italy, France, The Netherlands, Latvia and Bulgaria participate. The duration of the project is 28 months and envisages mobility of 150 persons in total.

In the framework of Erasmus Mundus in 2007-2008, 5 students will take master courses in leading European universities, such as Universität Hannover, Universite De Toulouse Università Degli Studi Di Ferrara and Technische Universität Dresden.

In the framework of the TEMPUS programme 3 projects had been financed in 2007. Participation in the TUNING programme is of particular importance. The project envisages to elaborate new curricula in 10 subject areas in close co-operation with the Management Committee of the Socrates-Erasmus Tuning Project represented formally by the University of Groningen and University of Deusto at five Georgian Higher Education Institutions (Iv. Javakhishvili Tbilisi State University, Ilia Chavchavadze State University, Georgian Technical University, Tbilisi State Academy of Art, Kutaisi Akaki Tsereteli State University). The goals of the other two projects financed this year are to 1) develop new modular curricula in the field of applied biological sciences with a special emphasis on biotechnology at Iv. Javakhishvili Tbilisi State University (TSU); and 2) to enhance quality of university education at Telavi State University.

In 2007 the Georgian Research and Educational Networking Association (GRENA) was connected to the pan-European network of education and research GEANT 2 through the new satellite link. Presently GRENA participates in two projects that were submitted
for EC FP7th programme on 20th September, 2007. One of them foresees establishment of a high bandwidth fiber optic channel to GEANT2 for Georgia, Armenia and Azerbaijan. The other project envisages establishment of new services in scientific-educational networks.

Additional funds had been envisaged in the 2008 state budget for providing co-financing in the EU exchange programmes, specifically in the 7th framework and Marie Curie Programmes. This project will be implemented together with the Georgia National Science Foundation

To continue reforms of the science sector through introduction of competitive selection of grant applications, promotion of integration of the science and education and implementation of the result oriented projects

In 2007 the Georgian scientists became more active in the state scientific grant competition, that is evidenced by the fact that this year 1085 projects had been registered, 100 more compared to the last year indicating the tendency that the interest and trust from the side of Georgian scientists increased. The open competition was funded from the state budget. In line with the international practice up to 750 foreign experts from international leading research centres participated in peer review alongside with the local experts

The competition covered eight scientific directions:

− Georgian studies
− Humanities, Economic and Social Sciences
− Math, Mechanics, Telecommunications, Information technologies
− Natural Sciences
− Earth Sciences and Environment
− Life and Medical Sciences
− Engineering Sciences, High Technology Materials
− Agrarian Sciences

The results of the competition will be known by December 2007 and financing the projects will start since January, 2008.

In order to develop the effective and transparent science policy, the EU supported project “Creating an effective model of science administration” has been successfully completed this year. The overall objective of the project was to assist the Ministry of Education and Science (MES) and the Georgian National Science Foundation (GNSF) in their endeavour to define a clear strategy for the modernization of the overall R&D policy system in Georgia, and to formulate recommendations to improve Georgian legislative framework towards EU standards. Georgia is the first country after in the former Soviet
Union territory (excluding Baltic countries) where similar project had been conducted. According to the recommendations the state role will increase in the science policy elaboration and in the financing of the innovative scientific research. The recommendations mainly envisage the following four directions: 1) Reorganizing the public R&D system; 2) Human resource development and the status of researcher; 3) Fostering industry-university-R&D institutions partnership; 4) Increasing public awareness of the key role of R&D.

In November 2007 a draft law on National Science Foundation was submitted for adoption according to which the mission of the Academy will be defined in a new manner. According to the draft law instead of a former top-down governance of the research institutions and centralized coordination of the scientific activities, the Academy of Sciences will serve as a supreme scientific institution and its basic functions will include the elaboration of recommendations on the priority spheres relevant for the country’s development. The Academy will participate in the elaboration of the state policy and national priorities for science and technologies and evaluate the scientific research process in the country.

According to 2005 law of Georgia on “Science, Technologies and their Development” the scientific research institutes gained autonomy, each of them obtained the independent legal status and freedom in pursuing scientific/research activities. Rule of financing the scientific research activities also changed. Alongside with the funding that they receive for covering the recurrent expenses, research is funded via a special state grant through fair and transparent competition. The new system of managing the institutions is being established. By November 15, 2007 the statutes of 51 out of 65 institutes had been approved, 45 institutes elected the heads of their Scientific Boards and 41 of them elected the Directors.

In September, 2007 two new scholarship programmes for young researchers has been jointly launched by the GNSF and the National Academy of Sciences in Georgia. Annually 20 active young researchers will get state scholarship in fields like Math, Mechanics, IT, Medicine etc.

On October 1, 2007 The Georgia National Science Foundation announced the call on the Presidential Scientific Grants for Young Scientists. The main purpose of the Presidential Scientific Grants for Young Scientists is to promote the maximum identification of capabilities of Georgian young scientists by means of grants support to implement fundamental and applied scientific and technological research for improving scientific potential of Georgia. The Program is funded from the state budget. The administration of the competition is led by the Georgia National Science Foundation.

The Foundation of Georgian Studies, Humanities and Social Sciences (Rustaveli Foundation) announced a grant competition for young scientists in relation to the jubilee of the famous Georgian writer and public figure Ilia Chavchavadze. As a result of the competition the scholarships will be issued to 10 young scientists for the duration of one
year. The amount of the scholarship is 200 GEL (EURO 85.47). Also a thematic competition was announced on “Ilia and Globalization”. The budget of the competition is 150 000 GEL (EURO 64102.56) and the maximum amount of one grant is 50 000 GEL (EURO 21367.52). 3 or more projects may be financed for one year. The grant will be allocated in 2008.

The integration process of higher educational institutions and the research institutes continued in 2007. According to the Decree №213 of the government of Georgia released in September 26, 2007, The Astrophysics Observatory was merged with the Ilia Chavchavadze State University and on November 13th, 2007 according to №248 Decree on the portable property of the scientific-research institute of Small Power Electric Machine Technology was given to the Georgian Technical University, earlier to that the Centre of Sensorial Research was merged with the same university. Presently, the process of merging the educational-research Institute of Standardization and Metrology with the GTU is underway.

The number of scientists gaining the academic stipendiums in 2006-2007 (before October) is 5654 including 609 Doctors, 2386 Candidates and 2659 without the scientific degrees. Among them 1752 scientists were employed in the state sector (by contract or on the basis of grant) whilst maintaining the stipendiums.

To start up activities of a special fund supporting science

On January 24, 2006 according to #9 Decree of the Prime Ministers a governmental commission was set up that worked on setting up the Science Support Foundation. Specifically the statute of the Foundation was prepared, where all the details for functioning of the foundation was reflected. In July 2007 a new commission was set up according to #378 Decree of the Government with the aim to develop the higher education and science sector infrastructure in Tbilisi and to elaborate the action plan for increasing financing. The commission continued working not only on science but also on issues of property in higher education sector. The basic task of the Commission is to:

1. To determine to norms for giving the property to the legal entities of public law the higher education and scientific-research institutions;
2. To determine the list of state property the revenue of which will be used for developing the infrastructure of the scientific-research institutions, for science grant financing and financing the higher education and research/science integration process;
3. To elaborate the action plan for developing the higher education and research infrastructure and for increasing financing

It was decided by the governmental commission that the state should clearly define what property to give to the institutes/universities necessary for their proper functioning. As for the means for managing this property it should be decided separately. Accordingly the
property maintenance will be managed not through separate foundation but on the basis of the decisions of the commission.

In the framework of this initiative, on the basis of Ilia Chavchavadze University 10 mln GEL (EURO 4273504.27) was allocated from the state budget to create the “Knowledge City”. The University will be located on 10 hectare territory. The total space of the university buildings that needs to be brought in line with the contemporary educational demands is 44 000 sq. meters.

Education, training and youth

To set up a National Professional Agency according to the Law on Professional Education

According to N158 Decree (30 July, 2007) of the Government of Georgia the National Professional Agency was set up and its statute was approved. Presently, the competition for the position of a director of the agency is open. The Council of the Agency is being established where at least one representative from the state agencies is present – the Ministry of Education and Science, the Ministry of Labour, Health and Social Care, The Ministry of Economic Development and the Ministry of Culture, Monuments Protection and Sport. Also, it is required to involve the social partners, employers, legal entities implementing the professional education/training programmes (or their unions and associations).

The National Professional Agency implements and approves the professional qualifications framework, professional standards that is the part of the qualifications framework, elaborates the proposals for the government of Georgia on policy implementation in the field of vocational education.

To expand and properly equip the network of Vocational Education Centers;

In 2007, 10 rehabilitated and newly equipped vocational education centres were opened in Tbilisi (4) and the regions of Georgia (Kachreti, Kutaisi, Rustavi, Kobuleti, Akhaltsikhe, Zugdidi). The first phase of optimization of the initial and secondary vocational education institutions is completed and 38 vocational education centres had been legally established in six basic directions of study (tourism, construction, agriculture, transport, folk art and IT). Up to 50 educational programmes/curricula had been updated and 315 professionals trained since 2006. International partners/organizations were also actively involved in training the staff (World Learning, Ministry of Tourism of Greece, Ministry of Education of Estonia etc.)
Since October 2007 the renewed research on problems and perspectives of the labour market and vocational training in Georgia was completed under the aegis of the European Training Foundation. The working group was set up to elaborate the qualifications framework in the field of tourism. The first results of the abovementioned research and the first report of the working group was presented at the regional seminar of the ETF held on 29-31 October, 2007 in Tbilisi.

To continue reforms of the higher education sector in line with the principles of the “Bologna process”

On November 30th 2007 under the initiative of the Ministry of Education and Science of Georgia and within the framework of the Bologna process international conference was held on “Doctoral Programmes in Georgia: Reality and Perspectives”. The goal of the conference was to facilitate the implementation of the doctoral programmes through the joint discussion of Georgian and foreign experts. The recommendations on the essential preconditions for implementing the doctoral programmes had been elaborated for the stakeholders. Shift from former aspirantura to doctorate degree programmes started in January this year.

The new type of doctorate means:

- Elaborating the doctoral programmes in line with the European Higher Education Area and introducing the international standards;
- Integrating with the international research area: facilitating mobility of doctorates and implementing the joint PhD programmes at international level;
- Substantial increase of the competitiveness of the Georgian educational and research areas;
- Increase the role of research in technological, social and cultural advancements and establishment of the knowledge-based society;

On Setember 14th of this year in the framework of the Bologna process and by the support of the Ministry of Education and Science of Georgia a national forum on higher education qualifications framework was held in Tbilisi. The Danish expert and former head of the Bologna working group on qualifications framework Mr. Mogens Berg participated in reviewing the document. He gave a high evaluation to the Georgian document “National Qualifications Framework for Georgian Academic Higher Education” and presented his feedback in the form of recommendations. Elaboration of the qualifications framework is one of the requirements of the Bologna process. According to the Bergen Communiqué the participating countries should elaborate this document before 2010. The qualifications framework determines the minimal academic standards of education levels/cycles, describes the logical interconnection of different higher education qualifications, facilitates enhancing the education quality and recognition of qualifications both locally and internationally. Increases the transparency and understanding of qualifications. In the education legislation of Georgia (general,
professional and higher) envisages special articles on qualifications framework that is in line with the EU recommendation on 8-level qualifications framework for life-long learning.

In 2007 12 higher educational institutions including the Georgian Technical University, State Medical University and Ilia Chavchavadze University got the right from the Accreditation Council of Higher Educational Institutions to admit students on higher professional programmes for 2007-2008 academic year. Consequently, more than 4200 students will acquire professions in engineering technologies, art, tourism, information technologies etc.

Attractiveness of such programmes is determined by:

- Simplified admission rules
- Shorter period of educational processes (2-3 years)
- Practical, labour-market oriented knowledge and skills
- Rapid employment perspectives
- Full possibility of continuing education on academic programmes

The higher professional education programmes had been prepared according to international models and corresponds to short cycle programme acknowledged in the Bologna process.

**To implement special programme ("Deer Leap") aimed at the promotion of information and communication technologies in the Georgian education system**

The main goal of the programme “Deer Leap” is to connect all schools of Georgia to internet, to develop curriculum in information technologies and to increase the competences, also piloting the projects and developing the infrastructure. By the end of 2008 minimum one computer lab will be set up in all schools and the student/computer ratio will be 1/20. By September 2007, 13 thousand teachers were trained out of 74 teachers in total.

In 2004 there were 2900 computers in schools of Georgia, the student computer ratio was 1/200 and only 5 % of schools had adequate equipment. By November 2007, 16700 computers are in operation and 1 new computer is per 35 pupils.

Out of 650 schools participating in the Deer Leap Programme 300 of them actively participate in different projects/initiatives within the programme (such as Essay Competition, the competition “My environment”, creating webpages, electronic literary journals, translations etc.).

In the framework of the programme, HP- the world leading company in technology and the Ministry of Education and Science of Georgia organized two-day international
summit «ICT in educational world, CIS» on 11-12 October, 2007. The goal of the summit was to introduce new achievements of ICT in educational world and share experience of ICT implementation in different countries. More than 40 participants from 11 countries attended the summit. They were representatives from the Ministries of Education and ICT experts in educational field from Georgia, Kazakhstan, Armenia, Turkmenistan, Azerbaijan, Ukraine, Belarus, Uzbekistan, also representatives of commercial companies actively involved in technical and software development of educational system-HP, AMD, Microsoft, Canonical, Siveco.

Financing of „Deer Leap” Programme

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Elaboration of the Basic Data and Directions Document (BDD) by the Ministry of Health and submission to the Parliament of Georgia

Within the time limits set forth in the Law of Georgia “On the Budget System of Georgia”, the Ministry of Labour, Health, and Social Affairs of Georgia prepared and submitted to the Ministry of Finance of Georgia the information about the implementation of the current year’s Budget, strategic directions of the Ministry’s activities for the years of 2008-2011, the implemented projects and the proposed volume of the mid-term expenditures.

Based on that information, the Ministry of Finance will prepare the Document of Basic Data and Directions (BDD) of the Government of Georgia.
Healthcare Services for the Families Living Under the Poverty Line

The Program for the medical services of the families living under the poverty line was introduced by the Decree # #40/N of the Minister of Labour, Health, and Social Affairs dated February 7, 2007. The Program envisages rendering the medical services to 480,000 beneficiaries under the poverty line (except the population of Tbilisi and Imereti region), also providing 179,500 beneficiaries – residents of the Tbilisi and Imereti Region with the health insurance.

Beneficiaries of the program are the families, who are registered in the united database of the socially-unprotected families by the State Agency for the Social Care and Employment prior to June 1, 2007 and whose rating point is less than or equals to 70 000.

For the population under the poverty line (except Tbilisi and Imereti region), the healthcare services are purchased by the Health and Social Protection State Agency. For the beneficiaries living in Tbilisi and the Imereti region, the Health and Social Protection State Agency purchases the health insurance. Within this program, the health insurance is implemented by means of the insurance vouchers.

The holders of the insurance vouchers are free to choose the insurance companies within the certain time-limits. The time period for selection of health insurance providers on a free choice basis and signing of the insurance agreements is from August 31, 2007 till October 31, 2007.

Upon expiry of the free choice period, the Agency proportionally distributes the remainder of the uninsured beneficiaries among the insurance companies.

The health insurance conditions covered by the insurance vouchers, and, consequently, by the insurer, include the following health care expenses:

1) Compensation of the ambulatory care expenses, which are not covered by the State Program for the Primary Health Care:
   - Urgent ambulatory care service;
   - Family doctors, nurses, consultation of the doctor-specialists and other types of medical care at home, when necessary;
   - Echoscopy and X-ray testing after the doctor’s prescription, the lab and instrumental testing related to the planned hospital care.

2) Urgent hospital care, including hospitalization in case of the difficulties of the pregnancy:
   - Planned surgery, the insurance limit for one insured person amounts to 12,000 GEL (Euro 5128.20) per year;
   - Co-payment which is not covered by the State Program for the Hospital Care;
- Chemical and Radio therapy expenses, the insurance limit amounts to 12,000 GEL (Euro 5128.20);
- The childbirth expenses; the insurance limit for one insured person amounts to 400 GEL (Euro 170.94).

The population under the poverty line, in addition to having benefits from the abovedescribed State Program, also benefits from the State Health Care Programs.

For the purposes of implementation of the effective measures aimed at poverty reduction nationwide, reduction of the number of people under the poverty line and improvement of the social cohesion, the social assistance program is ongoing, within the framework of which the number of the families receiving living aid by September 2007 amounts to about 135 00 families due to the increase of rate point to 57 001.

In parallel with the mentioned program, the program of family assistance is being implemented. According to it, single and unemployed one-person families are granted family aid in the amount of 22 GEL (Euro 9.40), families comprising of two or more unemployed retirees – 35 GEL (Euro 14.9), children with disabilities up to the age of 18 years – 22 GEL(9.40), the first category of unemployed blind disabled people – 22 GEL(Euro 9.40), orphan children and families having 7 or more children up to the age of 18 – 35 GEL(Euro 14.9).

At the same time, the number of the beneficiaries of social allowance monetization program amounts to 80, 326.

The Social Rehabilitation Promoting State Program of the People with Disabilities, Elderly People and Children without Parental Care is ongoing. Currently the program envisages rendering services to the abovementioned beneficiaries by the specialized institutions, day care centers and community organizations, psycho-somatic rehabilitation, the provision of orthopedic and other devices.

Several components of the above-mentioned program, particularly, a component called “Assistance for the Development of the Day Centers for the People with Disabilities” is rather useful for the implementation of the deinstitutionalization program. Currently, 609 children with disabilities are beneficiaries of this program component (supposedly, the number of the beneficiaries will be increased by end of the current year).

**Implementation of the General Hospital Sector Development Plan**

In order to improve the provision of the high quality medical care services and for the purposes of improving health condition of the population, in the year 2007 many

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6 Official rate for December 2007: 1 EUR = 2.34 GEL
substantial changes were initiated towards the improvement of the hospital and ambulatory care services and for the increase of the effectiveness of the public entities.

The General Plan of the Hospital Sector Development and appropriate investment projects were elaborated. Within the framework of which, one hundred new hospitals will be established nation-wide in the years of 2007-2009. This will give the population of Georgia an access to the new types of high qualified medical care at the local/district level, as well as in big regional centers and the cities.

Adoption of the Law “On Public Health”

The Law of Georgia “On Public Health” was enacted on June 27, 2007. On the basis of this law, the Minister of Labour, Health and Social Affairs of Georgia adopted a Decree #300/N on 19 October, 2007, introducing the Technical Regulations for the Food Fortification (Enrichment).

Culture

With support from the Ministry of Culture, Monuments Protection and Sport of Georgia the Georgian sportsmen participated in Trabzon’s ‘Black Sea Games’ from 2 through 8 July, 2007. Along with the Georgian sportsmen on games were participating sportsmen from 11 different countries. Georgian team obtained 7th place. This occasion has given chance to the Georgian sportsmen to show themselves on an international level and to develop cooperation in the sport field.

Priority area 4: Enhance cooperation in the field of justice, freedom and security, including in the field of border management

Border management

On June 28, 2006, the Ministry of Internal Affairs (MIA) State Border Defence Department was transformed into the MIA Border Police of Georgia: border police now forms the part of MIA and not the Military forces, thus the ranks and social guarantees applicable to border policemen are the same as those applicable to patrol or criminal policemen.
As the result of the successful co-operation between the Border Police of Georgia and the Federal Border Service of Germany the new law on Border Police of Georgia was elaborated. In December 2006 a Law on Border Police came into force; the document sets out tasks, rights and obligations of the agency, regulations for performing operational, investigative and other activities in line with recognized European standards.

Standard Operational Procedures were developed and put in place with the assistance of the EU Experts.

Border police shifted from a conscript into a contract based recruitment system. The HR reform resulted in reduction of the overall number of administrative employees and in the increase of operational level personnel. Salary of the personnel increased nearly three times.

Steps towards the decentralization of the logistics and procurement have been taken.

Working group within the Special Border Reform Interagency Commission (established in June 2006 under the National Security Council and consisting of Deputy Ministers of Interior, Foreign Affairs, Defence, Finance and Justice, Head of the Parliamentary Committee for European Integration and the chairman of the Georgian Border Police) is at the final stage of elaboration of Border Management Strategy.

Joint working group of Border Police and Customs Service is working to simplify procedures and raise the effectiveness of checkpoints.

Special group is working on possibilities of joint use of technical equipment and logistics together with the Air forces and Navy of the Ministry of Defence.

OSCE provided training Programme for Border Police covering 60 inspectors, Rapid Response Team, and employees working in financial, logistics and Human Resource management fields. Several border guards were educated in the training centers of the Federal Border Service of Germany.

Since September 2006 EU experts under the umbrella of EUSRSC are implementing a Programme on development of border security measures at sectoral level.

Border Police Faculty has been established in the MIA Police Academy. Border Police officers also regularly attend study tours and trainings in the EU and NATO member states.

The United States financed "Border Security and Law Enforcement Program", “Export and Import Control Program” and “Radiation Security Program” were implemented.
The training courses on border security issues for GBP personnel were organized within the NATO program - “Partnership for Peace” in the Turkish Training Centre. The Turkish side also provides the GBP with substantial technical assistance. The new Person Identification and Registration System (PIRS) were introduced in the Red Bridge and Airport Tbilisi Border Police checkpoints with the assistance of IOM.

Number of successful projects has been conducted in the frame of GUAM and BSEC. The leaders and experts from Georgian border agency take part in meetings, annually held within the framework of these regional organizations.

The border Police of Georgia has already signed agreements and protocols with border agencies of different countries (Finland, Bulgaria, Germany and Lithuania). The consultations are held with the border services of Latvia, Estonia, Romania, Hungary and the Czech Republic in order to conclude agreements on co-operation.

According to the “law on Border Police of Georgia” the Border Police of Georgia (GBP) is law- enforcement body with the status of state agency under the Ministry of Internal Affairs of Georgia. The Head of the Border Police of Georgia is at the same time the Deputy Minister of Internal Affairs.

In May 2006 upon the legislative changes adopted by the Parliament of Georgia the Border Defense Department was transformed into the MIA Border Police of Georgia;

Since July 14, 2006, Police ranking system has been introduced, thus, instead of military ranks the Border Guards are awarded with the special police ranks;

Since November 10, 2006 GBP is not recruiting conscripts and is fully converted to the professional and contract based system.

In December 2006 the “Law on Border Police of Georgia” was adopted by the Parliament of Georgia

Border police is trained through the baseline police and special training curriculum developed by the MIA Police Academy, border police training center and Finish Border Guards. Additional specialized trainings are provided by OSCE, EU, IOM, US, Germany, Estonia and other partner countries and organizations.

According to the “Law on Border Police of Georgia” the main functions, rights and duties of the GBP are following:

- To protect the State Border of Georgia, the inviolability of State Border and property of the State, the society and citizens;
- To prevent, reveal and eliminate illegal acts at the Georgian State Border, within the border line, the border zone, in the maritime space of Georgia and on the ships under Georgia’s jurisdiction;
- To perform operational-investigative activities according to the Criminal Procedures Code of Georgia;
- To prevent from and repel, within the scope its competence, maritime incidents and military or other types of aggression and terrorist acts;
- To observe and control the legal regime of the Georgian State Border and of the maritime space of Georgia according to the norms of Georgian legislation and of the international law;
- To prevent, reveal and eliminate human trafficking, smuggling, including the trafficking of drugs, arms, explosives and other types of weapon of mass destruction at the State Border of Georgia, within the border line, within the border zone and in the maritime space of Georgia;
- To coordinate operations of border security entities at the border crossing points; to determine the place, time and consecution of cross-border migration, customs and other types of control in coordination with customs authority;
- To inspect the Georgian and foreign citizens at the Georgian border; to carry out the procedures in the law on Legal Status of Foreigners;
- To secure safety of navigation and sailing in the maritime space of Georgia; to exercise control over the observance of the rules of boating; To investigate the reasons of the maritime incidents within the scope of its competence;
- To protect and maintain the environment and natural resources and to respond to the contamination within the border line, border zone and in the maritime space of Georgia; to exercise control over extraction of bio-resources and over observance of rules for scientific studies;
- To control and coordinate the measures providing protection and safety of international airports and seaports;
- To conduct search and rescue operations in the sea, within the border line and in border zone, in special cases – for the purpose to save people's life and property – on the entire territory of Georgia;
- According to the Law of Georgia on "Legal Status of Aliens" the Border Police is authorized to grant entry visas to foreigners at the border checkpoints.

**Human resources selection and recruitment system:** The human resources selection and recruitment process is regulated under the Decree #424 of President of Georgia on the Rules of Service (MIA GBP). It defines the rules of service in GBP, rights, obligations and responsibilities of the border officials. The Rules of Service states regulations for the requirements for a Border Police official. As mandatory requirement, the applicant must have a Georgian citizenship.

The Rules of Service defines that:
- The candidate for the service in the GBP should have the corresponding education and qualification;
- The candidate should be aware of the functions and responsibilities of the position applied for, approved by the Commander of the GBP or his representative;
- Georgian citizens below 35 years of age, who can perform their responsibilities according their personal and professional qualities, physical readiness and health condition and know the state language, can be hired to the GBP.
- The persons above 35 years of age could be hired in the GBP only in special cases;
- Citizens with secondary and/or high education can apply for the positions of Border Guard and non-commissioner officer;
- For the positions of the high officers high education is required;

The Rules of Service also limits opportunity to apply for a person, who has been convicted or has alcoholic or drug addiction, psychiatric or other chronic sickness.

The vacancies for the Border Police are published publicly. Persons who fulfill all the abovementioned requirements can apply to become a Border Police employee.

**Training/Re-training System:** The GBP has following units dealing with training (including planning and developing):
- The Training Development Unit in the Human Resources Office at the Border Policy Provision Department - plans and develops the Border Police Training;
- The Training and Re-training Center in Human Resources Office at the Border Policy Provision Department – Implements all training activities;

Nowadays all recruited persons undergo the Basic Training at the Police Academy of the Ministry of Internal Affairs. Training lasts four (4) weeks. The Aim of training is the integration of newly recruited contract based policemen into the service in order to perform assigned tasks independently and rationally. The curriculums of this training mainly consist of the following issues: Basics of law; Border Police training; Basics of crime intelligence, Means of Border Defense; Social sciences; Special training and etc. This training also includes work practice at the Border points.

Trainings are arranged in the form of lectures and practice. At the end of each topic, the examining of the student is performed by testing and quizzes.

The Basic Training for the new and contract based recruits started on 26th of February 2007. Since that time GBP has carried out six Basic Training courses and by the end of the year the number of trained persons will be approximately 400.

In GBP Training Centre there also exist the following re-training courses for those GBP officials, who are already in the service: Integrated Border Controller Course; Integrated Radio Operators’ Re-training course; the re-training course concerning state border surveillance system and used technologies; the Radio Navigation re-training course.

Border Guards’ Training/retraining system is based on the recommendations and direct support of European Union experts. By assistance of the European Union commission and Finish Border Guards Training and Career Development project for GBP was elaborated. The Implementation of project started in July 2007. The purpose of the
Migration management (readmission, visas, asylum)

The Ministry of Refugees and Accommodation is actively working on elaboration of a comprehensive and coherent national strategy and action plan on Migration and Asylum. An in-depth analysis of the current system has been conducted.

Coordinated work on Migration Management is underway with assistance of Danish Refugees Councils expert) within the framework of an interagency Working Group consisting of MFA, MIA (Border Police Department), Ministry of Justice, Office of the State Minister for European and Euro-Atlantic Integration, Ministry of Foreign Affairs.

In the process of elaboration of the Strategy and Action Plan, Ministry of Refugees and Accommodation is in close cooperation with the International Organization of Migration (IOM). IOM experts and the representatives of the Migration Services of EU countries have visited the Ministry on a number of occasions. After studying the situation they have elaborated a set of recommendations which will be incorporated in the Action Plan.

Georgia's Law on Refugees, adopted by the Parliament of Georgia in 1998, required improvement and therefore the Ministry of Refugees and Accommodation developed the new draft law on Refugees and Asylum Seekers. The draft was prepared with the involvement of the UNHCR and local non government organization. This law will tentatively be submitted to the Parliament early next year. The draft law is in compliance with the Geneva Convention of 1951.

To increase capacity of the officials of the target ministries dealing with migration IOM and Danish Refugee Council are conducting special training courses. 7 different trainings (on labor migration, migration management, migration end statistics, international law on migration, implementation of UN and EC standards on refugees and asylum, etc.) for 15 civil servants were provided in 2007. It will also help civil servants to properly define the role of all the relevant line Ministries in the field of migration will help in establishing a good coordination and communication mechanism. Representatives of the Ministry of Refugees and Accommodation are also participating in different international seminars and conferences and they have also done special study tours to Italy, USA, former Soviet countries and other.

Assist migrants returning to the country in order to facilitate their social and professional reintegration: The "Law on refugees" provides the legal and socio-
economic guarantees for refugees and asylum seekers, thus ensuring their integration and adaptation. The effort is funded by the Ministry of Refugees and the representatives of the UN High Commissioner for Refugees. 4 communal buildings were repaired. Refugees were supplied with necessary facilities. As from the beginning of 2007 people having refugees’ status receive a social monthly allowance of GEL 14 (EUR 6). Representatives of UN high Commissioner provide medical aid and food-stuffs to the refugees. Apart from this, non-governmental organizations let Refugees use arable land. Refugees are also given an opportunity to attend language and computer courses.

It should be mentioned as well, that a memorandum has been signed between the Ministry of Refugees and Accommodation and the Danish Refugee Council. The Memorandum envisages implementation of the project Toward Durable Re-integration Mechanisms in Georgia in the framework of the EU program AENEAS. The project is specifically aiming at:
- Increasing the capacity through creation of human-technical-financial resources;
- Establishment of sustainable reintegration mechanisms to simplify the procedures of reintegration;
- Establishment of Database of those who returned to Georgia under the readmission agreement as well as at a later stage deported persons.

To foster the process of EU-Georgia visa facilitation, the Ministry of Foreign Affairs of Georgia prepared a road map, which was approved at the New Group of Friends meeting in Vilnius on September 13, 2007. The document outlines the subsequent steps to be implemented by Georgia and its friend countries to achieve conclusion of the EU-Georgia visa facilitation agreement.

Georgia has simplified visa regime with the following EU member states: Estonia, Bulgaria, Hungary, Romania, Slovakia, and has recently signed agreement with the Republic of Cyprus on visa free regime for holders of Diplomatic and Service passports.

**Readmission agreements:** The ethnic and civil strife during the early years of Georgia’s independence, coupled with deteriorating socio-economic conditions and an unstable political situation, prompted the outflow of large numbers of migrants. Today, while these flows have slowed and become far more orderly, Georgia continues to contend with irregular migration (as both transit and source country), mainly in the direction of the western CIS region and Europe.

To this effect, the Ministry of Foreign Affairs, together with the relevant Georgian agencies, intensively works on the preparation and consideration of draft bilateral agreements with the EU Member States on readmission. Currently, readmission agreements are signed with the Republic of Italy (the internal ratification process in Georgia is underway), Bulgaria (ratified) and Federal Republic of Germany (not yet ratified).
The preparatory work for the conclusion of the following agreements on readmission is underway between:
- The Governments of Benelux Countries and Georgia on Readmission of Persons;
- Czech Republic and Georgia on Repatriation and Acceptance of Persons Illegally Residing on their Territories;
- The Governments of the Republic of Lithuania and Georgia on the Readmission of Illegal Residents;
- The Governments of Estonia and Georgia on the Readmission of Illegal Residents;
- The Governments of Latvian and Georgia on Readmission of Illegal Residents;
- The Governments of Georgia and France on Readmission of Illegal Residents;
- The Governments of the Kingdom of Sweden and Georgia on Simplifications of the Procedures for the Readmission of Persons without Residence Permits;
- The Austrian Federal Government and the Government of Georgia on the Admission of Persons;
- The Governments of Romania and Georgia on conclusion of the Readmission Agreement;
- The Governments of the Republic of Slovenia and Georgia on conclusion of the Readmission Agreement.
- The Governments of the United Kingdom (UK) and Georgia on conclusion of the Readmission Agreement;
- The Governments of the Republic of Poland and Georgia on conclusion of the Readmission Agreement;
- The Governments of the Republic of Cyprus and Georgia on conclusion of the Readmission Agreement;
- The Governments of the Republic of Finland and Georgia on conclusion of the Readmission Agreement.

Furthermore Georgian government stands ready to start dialogue on readmission with the EU.

**Reintegration issue:** Creating incentives for voluntary return, and offering attractive reintegration programs, are essential elements of effective readmission agreements. In their absence, re-emigration is a likely outcome. As such, Georgia attaches particular importance to the implementation of reintegration programs. These programs will promote the voluntary return of irregular migrants and will keep them in Georgia by offering training, improving their employment qualifications, and helping them find jobs.

The IOM is already implementing programs to facilitate voluntary returns form the Czech Republic, UK, Switzerland, Ireland and Poland. Georgia is also conducting negotiations on reintegration issues with the EU member states (so far an article on reintegration of returnees to Georgia have been included in draft readmission agreements with the Czech Republic and the Republic of Lithuania).

**Division of responsibilities between relevant agencies:** To foster the coordination of activities of relevant Georgian agencies engaged in migration issues and to ensure
progress in EU-Georgia cooperation, three thematic sub-groups of the special working group for cooperation with the European Union in the field of border protection, migration and visas were created in April 2007. These sub-groups will concentrate on the following issues: visa related aspects and readmission, migration, border protection and fighting against trafficking. The leading and participant agencies of respective sub-groups were identified, the priority issues were defined and the working schedules for the sub-groups were developed.

**MFA responsibilities:** According to the order N 44 of the Minister of Foreign Affairs of Georgia of 31st of January 2006 regarding approval of regulations of the Consular Department of the Ministry of Foreign Affairs of Georgia, the main purposes and functions of the Consular Department in the field of migration are studying issues related to the migration movement of the citizens of Georgia abroad and participation in management of migration processes within its competences (article 2 sub-paragraph “e”); taking appropriate measures to ensure protection of rights and legal interests of citizens and legal entities of Georgia abroad (article 2 sub-paragraph “c”); preparation of draft international agreements, legislative and other normative acts related to the work of the Consular Department, participating in preparation and elaboration of proposals (article 2 sub-paragraph “f”); studying visa affairs with foreign countries and elaboration of proposals related to visa policy of Georgia (article 2 sub-paragraph “c”); issuing Georgian visas, extension of their validity, their modification and revocation (article 2 sub-paragraph “j”).

According to existing legislation responsibilities of managing the illegal migration, visa and passport policy, cross border and internal migration are vested on various agencies. According to article 2 of the resolution N.43 of the Government of Georgia, May 29, 2004 on approval of the regulations of the Ministry of Refugees and Accommodation, functions of the Ministry are: formation of state system for governing migration processes in Georgia and coordinated activities with executive authorities in this field, regulation of migration flows of refugees, asylum seekers, repatriates, and of migrants of emergency situations taking into account political, social-economic and demographic condition of the state, arrangement of their provisional or permanent resettlement, creating conditions for adaptation-integration and social protection, identification of migrant categories, arrangement of return to their places of residence and support to refugees, and citizens of Georgia being in temporal migration, creation of appropriate social-economic conditions, registration, management and control of migration flows, within its competence protection of rights of citizens of Georgia being in temporal migration, ensuring registration of refugees and internally displaced persons - IDPS.

In 2007 the Parliament of Georgia adopted a Law on Repatriation of Meskhetians deported from Georgia by Soviet Regime in 40s of 20th century. For the implementation of the Law now the Ministry of Refugees and Accommodation is working on the creation of a database of those who are willing to return to Georgia and some other administrative issues.
Create centers providing information on legal work opportunities inside of the country and abroad: The Ministry of Refugees and Accommodation is negotiating with IOM possible transmission of IOM regional consultation-information centers to the Ministry. These centers will work on raising public awareness on migration, providing pre-departure advices which will help decrease illegal migration flows from Georgia and reintegration of the returned people. This will also help spread relevant information so that migrants do not fall victims to trafficking and smuggling. These centers will provide information on legal work opportunities inside the country and abroad.

Promote training and reforms facilitating the use of migrants' remittances for pro-development purposes: Georgia realises the importance of migrants’ remittances for pro-development purposes of the country. At this stage data base on remittances is under regular observation. The national bank of Georgia regularly publishes information on the volume of remittances and their origin by country.

Take steps to modernize the national refugee system in line with international and European standards and an IDP protection system that is self-sustaining and that offers integration opportunities for those who qualify and ensure its proper implementation: Establishment of an asylum seeker reception centre is under way. 0, 5 h of land was transmitted to the Ministry of Refugees and Accommodation as a construction site, where construction of the centre will be launched in next year, with the financial assistance of UNHCR. With the assistance of UNCHR the Ministry will provide asylum seekers with financial support for rent of accommodation before the centre is established.

One of the main priorities of Ministry of Refugees and Accommodation is integration of IDPs which stands as the main goal of the relevant National Strategy and draft Action Plan. Namely it envisages: Support affordable durable housing solutions for IDPs, which meet basic standards and needs; Gradual closure of collective centres, while at the same time taking measures to prevent arbitrary evictions and homelessness; Support accessibility to education for IDPs; Developing post conflict rehabilitation and psychosocial integration programs for IDPs; Support achievement of IDP self-reliance. The Draft Action Plan for IDPs will be presented to the government for final approval soon.

Begin cooperation to improve the security of travel documents and visas: Georgian citizens living in the “frozen conflict” regions of South Ossetia and Abkhazia, Georgia, have been subject to a passportization campaign, the illegal distribution of Russian passports, in violation of Georgian, Russian, and international law. One dangerous and unintended result of the EU’s decision to simplify the visa regime with Russia is that residents of the conflict zones as a result of Russian passportization efforts will have easier access to the EU countries than those who insist on holding legal Georgian passports. In fact, the EU’s simplified visa regime with Russia is likely to serve
as an incentive for even more residents of these regions to illegally obtain Russian passports.

This undermines the ongoing peace efforts of the entire international community, including the EU and sends the wrong political signal to residents of the conflict zones and undermines the ongoing peace efforts of the entire international community, including the European Union.

To resolve the situation, Georgia is asking for comparable arrangements rather than suspension of the visa facilitation agreement with Russia. Expediting visa facilitation dialogue between the EU and Georgia therefore takes on special significance.

The special non-paper was circulated to the Ambassadors of the EU Member State countries accredited in Georgia during the meeting with the State Minister of Georgia for the European and Euro-Atlantic Integration, which was dedicated specifically to this issue. With the help of the Georgian Embassies the document was presented to the relevant agencies of 27 EU Member States. At the same time the Georgian embassies held special consultations in the capitals of the EU Member States in order to gain their support. Apart from this, the letter addressed to the Ministers of Foreign Affairs of the EU Member States was circulated by the Minister of Foreign Affairs of Georgia. Similar letter was also sent to Mr. Franco Frattini, the European Commissioner responsible for Justice, Freedom and Security, Vice- President of the European Commission; Ms. Benita Ferrero-Waldner, the Commissioner for External Relations and European Neighbourhood Policy, and the High Representative for the Common Foreign and Security Policy, Secretary-General of the Council of the European Union.

**Issues related to the introduction of biometric passports in Georgia:** The Civil Registry Agency (CRA) of the Ministry of Justice of Georgia started the work in 2007 on the development and improvement of the existing system in order to get ready for launching the project on biometric passports.

With financial support of USAID, within the frames of the project on “Public Administration Reform” (PAR), the process of elaboration of Development Strategy of Agency for 2007-2011 was completed. One of the purposes of the Strategy is the adoption of new technologies such as integrated electronic network, electronic identification cards and biometric passports. The strategy includes the list of activities that should be undertaken in order to get prepared for the issuance of biometric passports. Particularly:
- Invitation of international expert on issues of inculcation of standards for electronic passports and printing system;
- Preparation of relevant legislative bases (with the assistance of Georgian and international specialists);
- Elaboration of software for the centralized printing system;
- Purchase/installation of photo-research program;
- Preparation of centralized printing centre and its technical equipment;
- Training of staff working on the system.

The inculcation of centralized system is necessary for launching the project on the issuance of biometric passports.

Current Civil Registry Agency the active work is being conducted on the elaboration of the above system. The inculcation of mid-term version of the centralized centre in the services of CRA is planned in March 2008; the complete version will be inculcated until the end of 2008. This will give the opportunity to start the work on issuance of biometric passports in the end of 2008 as the system will get ready for this. At the same time, the work on the improvement of existing electronic databases and correction of existing mistakes and incomplete records is being conducted that will be finished in March 2008. In December 2007 a new virtual private network (VPN) started operation interconnecting all territorial units of CRA that will facilitate internal information exchange on one side and raising the quality of delivered service and provision of access to service for new corporative consumers on the other side. VPN network is the condition sine qua non for the inculcation of centralized printing system of electronic passports.

In September 2007 within the frame of the EC funded TACIS project “Support to the Reform of the Ministry of Justice” the work was conducted on two main directions: inculcation of photo-research system and the personification system of biometric passports. In addition CRA elaborated the standards of working in photo-research system that complies with the standards of international organization ICAO. Besides, within the TACIS project the recommendations have been developed, including possible financial calculations to CRA concerning the inculcation of photo-research system, recommendations concerning the special equipment for taking fingerprints and the relevant monitoring modules.

On the bases of recommendations work on the creation of ICAO standard photo database is being conducted in CRA. The collection of databases on one side is being conducted by scanning the photos existing in data files and on the bases of photos received in the process of printing the passports and identification cards on the other. The valid photographic database will be ready in December 2008.

With the assistance of donor organizations (USAID, DFID, and UNDP) by the end of this year new servers will be installed and the main server centre will be established to facilitate the work of centralized system. The works are planned to be conducted from November 2007 till February 2008.

The issuance of biometric passports will require the transfer of the whole system on the centralized printing one and accordingly establishment of printing centers and provision of necessary equipment.
The budget of CRA envisages the necessary recourses (2, 3 million GEL, approx. 1 million EUR) for the purchase/installation of a photo-research system (the system is planed to be inculcated in June 2008). However, for the overall inculcation of biometric passports the financial assistance from donors would be of major significance.

According to the TACIS Action Programme 2006, the Government of Georgia and EU agreed to allocate 7, 9 million EUR for further strengthening of the rule of law. The part of the assistance will be used for support civil registry of Ministry of Justice and issues related to the biometric passports.

**Establish an electronic database for the monitoring of migration flows:** During next year, with technical and financial support of IOM, electronic database for monitoring migration flows will be established. The project proposed by IOM is especially aimed at establishment of modernized mechanisms for collection and exchange of information between the target ministries in migration sphere. This project will also contribute to the harmonization of Georgian migration policy with that of EU.

**Strengthen efforts and co-operation in the fight against organized crime:** The Government of Georgia declared fight with organized crime in its every manifestation as one of the priorities for the country. Considering that organized crime goes beyond national borders, it constitutes threat not only to a single state, but to the international community. The Government of Georgia adopted coherent, coordinated and wide-ranging strategy for fight with organized crime.

Georgia is a party to major international instruments on combating organized crime and they have been successfully implemented into the national legislation. Cooperation in this field is carried out with individual states respectively, as well as in the framework of regional and international organizations. While attaching great value to international cooperation, important part of work has to be done on national level. The efforts of the Government in the fight with organized crime are well coordinated among various state agencies, at planning, as well as, at implementation stages. For this objective comprehensive legislative and institutional reforms have been implemented, including the reform of law-enforcement bodies and the judiciary.

The Government has elaborated and implemented inclusive strategies and action plans on various manifestations of organized crime (National Strategies for combating Drugs (including preventive, social and rehabilitative measures for drug addicts), Trafficking in Persons and Corruption and financial crime). Through coordinated actions of state bodies those strategies have been successfully implemented, in particular, as a result of realization of well-planned and elaborate strategy for combating Trafficking in Persons, Georgia obtained Tier 1 Status (2007 Trafficking in Persons Report, released on June 12, 2007 by the Department of State’s Office to Monitor and Combat Trafficking in Persons). The Interagency Coordination Council for Combating Trafficking in Persons is in the process of elaboration of Action Plan for the second stage of anti-trafficking activities. Similarly, action plan for the fight against corruption and financial crime is
consistently implemented by relevant actors, and is being updated to meet the objectives set out in the strategy.

Acknowledging the increasing relevance of the cyber criminality, the Georgia has initiated work to prevent and suppress this crime. The issue of cooperation in the fight with cyber crime is being discussed on high level meetings with the counterparts from other countries (e.g. US, Estonia) and international organizations (CoE). During those meetings possibilities and specific projects for joint combat with cyber crime are considered. In summer 2007, the Ministry of Internal Affairs of Georgia addressed a request for technical assistance in the issues of fight with cyber crime to the Council of Europe. In the framework of this cooperation, a workshop will be held in Tbilisi by the end of 2007.

The Law of Georgia on Organized Crime and Racketeering has been substituted with the new law with the same title that envisaged amendments into Criminal and Civil Procedural Codes, concerning forfeiture of the assets in favour of a state. Moreover, the law clarified the definition of such terms as "thieves in law", "member of thieves' world", etc. (for example article 223 of the Criminal Code of Georgia criminalizes thieves in law, however in order to qualify an action/inaction as such the legislation needs to have the definition of the term, the latter is defined in Article 3 of the above-mentioned law).

**Counter-Terrorist Activities:** Counter Terrorist activities of the MIA are mainly handled and coordinated by the Counter Terrorist Centre (Department). One of the most important complex measures can be considered realization of elaborated antiterrorist plan. Pursuant to the above, the regions of Georgia were totally cleared from local and foreign militants and the representatives of terrorist organizations, hereto, usage of Georgian territory as a transit corridor for transfer of physical force and ammunition was suppressed.

Counterterrorism Centre intensively cooperates with counterterrorism structures of the UN, OSCE, NATO and other international organizations in the sphere of sharing information concerning terrorism and legislative issues. Officers of the Counterterrorism Centre systematically participate in seminars and summits, organized under the aegis of combating terrorism. Counterterrorism Centre on the basis of bilateral agreements actively cooperates with the relevant agencies of the Partner States on exchanging analytical information concerning terrorism.

Counter Terrorist Centre (CTC) has been established in July 2005 as a separate unit within the Ministry of Internal Affairs, which collects and analyses information on expected and possible threats, and undertakes measures to combat the above. The information is obtained from various units within the ministry, including the division for fight against organized crime, border police, regional police departments, etc., as well as other state agencies.
CTC staff is regularly trained both in and out of the country. The following major training activities have been carried out:

- Conference on Maritime Terrorism (June 27-28, 2007) organized by Translational Crime and Caucasus Corruption Centre
- Analytical Courses held in Tbilisi, Georgia
- Enhancing cooperation with NATO (March 2006, Brussels)
- Workshop on Methods of Recruitment by Fundamentalist – (April, 2006, OSCE)
- Counterterrorist Intelligence (April 2006, Egypt)
- Training on the use of nuclear material detection technology (June 2006, Tbilisi). As a follow-up, the US Embassy handed over to the CTC the special equipment for detection of Nuclear substances
- Harmonization of Georgian Legislation with the UN Resolutions and Conventions Countering Terrorism (June 2006, Vienna)
- Course on Combating International Terrorism (within the framework of the US antiterrorist assistance Programme, September-October 2006, Tbilisi)
- Database of Explosion Materials and Analytical Elaboration of Information Related to terrorism (December 2006, London). Following the event, software containing the abovementioned database has been installed at the Counter Terrorist Centre
- Combating Organized Crime (April, 2006,) organized by the Council of Europe
- The Role of Police in Combating Terrorism (May, 2006, Bucharest)
- The World Practice in Preparation of Police (March 2006)
- Investigation on the site of Terrorist Act (2005, Egypt)
- Training to reveal explosives and drugs; Techniques to Carry out rescue activities and investigations (2005, Egypt)
- Training in Development of Professional Skills regarding weapons of Mass Destruction (June, 2005)


Draft Law of Georgia on the Fight against Terrorism is undergoing parliamentary hearings and will be adopted shortly. The draft defines the forms and the legal basis of combating terrorism, as well as the rule of coordination of government agencies in the sphere of combating terrorism.

The drafts of bilateral agreements regarding fight against organized crime and terrorism have been initiated with Italy, France, Greece, Austria, China, Poland, and India.

In its effort to enhance fight with organized crime on national and international levels, Georgia became a party to the United Nations Convention on Transnational Organized
Crime on 7th of June 2006. Before the moment of Ratification, many provisions of the convention have already been implemented in national criminal and criminal procedural legislation. After ratification of this international instrument, further amendments have been introduced to relevant legislative acts, especially the pieces of legislation dealing with money laundering and terrorism financing, criminal responsibility of legal persons, etc.

Criminal Code of Georgia (CCG) covers all the offences under articles 5, 6, 8 and 23 of the Convention. Commission of crime by organized criminal group is an aggravating circumstance and entails more severe punishment. Moreover, the CCG specifically criminalizes membership to mafia (so called thieves-in-law) and other criminal circles (Article 2231) as well as leadership of or membership to racketeering group.

General Part of the CCG contains definitions of preparation7 of and attempt8 to commission of a crime. Those articles are applied together and in conjunction with a particular criminal offence, specifically, preparation and attempt of commission of a grave or particularly grave offence under the CCG is punishable even if the actual crime has not been committed. Aiding the commission of a crime is considered as complicity in crime.

Article 375 of the CCG criminalizes concealment of a criminal offence when such concealment had not been agreed in advance. It is important to mention that concealment of a crime with prior agreement is punishable either as aid to or as complicity in a crime.

The criminal legislation of Georgia contains provisions criminalizing legalization of illicit income9 and financing of terrorism.10 Comprehensive regulation of issues related to Money Laundering and Terrorist Financing are found in the Law of Georgia on Facilitation of Prevention of Legalization of Illicit Income of 6th of June 2003.

Georgia has already acceded to the major international conventions regarding the fight against trans-national organized crime. Parliament of Georgia on June 7, 2006 ratified the UN Convention against Trans-National Organized Crime together with its 2 supplementing protocols; Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children and Protocol against Smuggling of Migrants by Land, Sea and Air. Relevant Georgian authorities have commenced internal procedure necessary for the signature of the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition. The procedure comprises of evaluation and issuance of the reports on the Protocol with intent to determine the compatibility of the domestic legislation with the Protocol provisions, gaps in the legislation and possible legislative changes that might become necessary after the

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7 Article 18, CCG
8 Article 19, CCG
9 Article 194, CCG
10 Article 3311, CCG
signature of the Protocol. After the completion of the above-mentioned process the final decision concerning the signing of the Protocol will be made.

**Fight in an effective manner against smuggling and trafficking in human beings:**
Georgia has ratified the Protocol against the Smuggling of Migrants by Land, Sea and Air, Supplemeting the United Nations Convention against Transnational Organized Crime on June 26 2006. Before that time, Criminal Code of Georgia did not contain the definitions for offences mentioned in the Protocol, although some elements have already been reflected in the Code, e.g. forgery of official documents and their use. As part of the process of implementation of its international obligations within national legislation, amendments have been introduced to the Criminal Code of Georgia; As a result of amendments introduced on July 25, 2006 definition and sanctions for the crime of Trafficking in Persons have been introduced in Article 143. It shall be noted, that definition of Article 143 comprises all the elements of the offence of smuggling of migrants as envisaged by the Protocol. Inclusion of elements of the offence of smuggling of migrants into the definition of the crime of trafficking evidences the seriousness, with which the authorities treat the offence of smuggling of migrants.

As to other elements envisaged in the Protocol, they are covered by Article 362 of the Criminal Code of Georgia. Article 362 deals with the Production, distribution, and Use of Forged Documents, Seal, Stamps, or Forms. The Article does not specify the purpose which has to underlie an offence. Thus, if an offence of Forgery of documents is committed for the purpose of smuggling of migrants – Trafficking, as defined by the Criminal Code – the crime will be investigated and prosecuted on the basis of two articles: Article 143 and Article 362. In 2005, when an amendment has been introduced to Article 362, which states that a person who has committed an offence under this article while being a victim of trafficking in persons, shall not be punished, if an offence has been committed before receiving the status of a victim.

Detailed information on other elements envisaged by the Protocol (Attempt to commit a crime, participation, organizing and detecting the crime), as well as issues related to victim protection, are discussed below.

“Hotlines” with personnel specially trained in trafficking related issues have been established (training jointly organized by the General Prosecutor’s Office, MIA, and the International Organization for Migration (IOM), November 2006)

A number of officials of the MIA have undergone training in various aspects of preventing and investigating the crime of trafficking in human beings, as well as practical importance of international cooperation in the process of investigation. 13 officials, with the support of the IOM, took part in Training of Trainers in Belgium and Italy, and subsequently trained 120 officials of the MIA.
The MIA is in the process of conclusion of bilateral cooperation agreements with the following EU member states: Austria, France, Greece, Bulgaria, and Italy. MIA has also completed negotiations on Memoranda of Understanding with relevant agencies of China and India.

In accordance with Article 8 of the Law of Georgia on Combating Trafficking in Persons, in December 2006 the Minister of Internal Affairs of Georgia issued the Order regarding the Rule of Creation of the Unified Information Database on Trafficking in Persons.

The Government of Georgia is undertaking measures to suppress the trafficking in persons in Georgia and for the purpose of prevention of this crime to conduct respective wide public awareness campaign. To meet the requirements of the well known “three Ps”: Prevention, Protection and Prosecution, active measures have been taken both – at the legislative and implementation levels, in order to prevent and suppress TIP actively, efficiently protect the victims and effectively prosecute this crime in Georgia.

The whole range of activities conducted with the active participation and support of the Office of the Prosecutor General of Georgia were directed towards the establishment and stable development of standards corresponding to internationally recognized norms for combating the crime of TIP in Georgia. Due to the commitment showed and the progress made, Georgia was promoted to the Tier-1. The Tier-1 countries are seen as fully complying with the standards for the elimination of trafficking. The Georgia's country report reads: "Over the past year, the government made considerable progress in the prosecution and punishment of traffickers, protection and assistance for victims, and prevention of trafficking. Georgia developed and implemented a victim-centered national referral mechanism, provided a building for the country's first trafficking victims' shelter, dedicated on-going funding for victim assistance, passed comprehensive trafficking legislation, aggressively prosecuted and toughened penalties for traffickers, and initiated multiple proactive prevention programs."

**Creation of the State Fund and the Shelter:** The State Fund for Protection of and Assistance to (Statutory) Victims of Trafficking in Persons was established on the basis of the Law. A director of the State Fund was appointed by the Presidential Decree of May 25, 2006, and the Statute of the State Fund has been adopted by the Presidential Order N437 on July 18, 2006. The State Fund functions under the supervision of the Ministry of Labour, Health and Social Welfare. The State Fund provides the payment of compensation to victims of trafficking and finances their protection, assistance and rehabilitation measures. The compensation amounts to 1,000 GEL per victim.

The Law also ensured creation of the institution providing services for the victims of TIP (the shelter). The first shelter started functioning in summer of 2006. The Government of Adjara Region donated building in the Region where the first shelter is located. The building was renovated and equipped with the relevant appliances and furniture, with the generous support of the USAID and GYLA.
The victim of trafficking in persons may be placed in the shelter despite his/her decision to cooperate or not with the law-enforcement authorities in the proceedings conducted into the crime in question.

The existing TIP shelter is created with the State Fund for Protection of and Assistance to the Victims of Trafficking in Persons as its structural element. Additionally, any natural or legal person is entitled to establish a shelter in the form of a private non-profit legal person.

Any of the shelters must meet the standards established by the Georgian legislation.

There are already 5 (statutory) victims placed in the Shelter. The second shelter was be put into operation in Tbilisi in autumn 2007. The shelter accommodates TIP victims from different countries. There is a building identified in Tbilisi already and required state funds are allocated for the reconstruction and renovation.

**Permanent Interagency Coordination Council:** Article 5 of the Council of Europe Convention on Action against Trafficking in Human Beings obliges State parties to establish and strengthen national co-ordination mechanism between the various bodies responsible for preventing and combating trafficking in human beings.

The Law on Combating Trafficking in Persons envisaged establishment of the Permanent Interagency Coordination Council for Carrying out Measures Against Trafficking in Persons (hereinafter – the Coordination Council). The Statute of the Coordination Council and its composition were adopted by Presidential Decree N534, on September 1, 2006. The Prosecutor General of Georgia is appointed the chairperson of the permanent Coordination Council; the Coordination Council approved the acts envisaged by the Law facilitating effective enforcement of the anti-trafficking measures in Georgia11.

The following agencies are represented in the Coordination Council, as full members: Office of the Prosecutor General; Ministry of Labor, Health, and Social Protection; Ministry of Internal Affairs; Ministry of Justice; Ministry of Education and Science; Ministry of Foreign Affairs.

The Coordination Council has also invited members from international organizations (USAID, UNICEF, IOM, OSCE, Council of Europe and the European Commission), NGOs (GYLA and “TANADGOMA”), US Embassy in Georgia, Parliamentary Committee on Human Rights and Civil Integration and Public Defender’s Office of Georgia.

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11 Standards of Shelter for Victims of Trafficking in Persons; National Referral Mechanism; Rule of Issuing Compensation to the Victims of Trafficking in Persons;
The Coordination Council serves as an overall coordinator of anti-trafficking measures undertaken by state agencies; the Council is an advisory organ preparing certain recommendations for the President of Georgia on the issue of trafficking and a body monitoring the anti-trafficking situation in Georgia. National NGOs and international organizations are actively involved in the work of the Council. The Council meets at least once in 3 months. The first meeting of the Council was held on November 20, 2006. The December 22, 2006 meeting of the Council endorsed the 2007-2008 Georgian National Action Plan on the suppression of TIP. The Action Plan was later approved by the President of Georgia.

Enactment of the system provided by the Law (NRM): Based on the Law on TIP, the National Referral Mechanism (hereinafter – the NRM) was put into operation in 2006. The NRM represents a detailed guideline for effective cooperation of the state agencies, local NGOs and international organizations in the fight against TIP. NRM describes in easily understandable manner all issues related to a victim of trafficking from the moment a person claims to be a victim of trafficking to the moment when the victim of trafficking, if he/she so wishes, safely returns to the country of origin. The NRM is a certain form of the commentary of the Georgian A-TIP legislation and makes certain regulations envisaged by the Law more precise.

One of the Principles based on which the National Referral Mechanism operates is the principle of confidentiality of the identification data of victims of human trafficking. All persons (Special Mobile Group, Permanent Group, administration of shelters, etc.) that are involved in this process are obliged to keep all the relevant data in secret.


Ratification of the Council of Europe Convention: On November 24, 2006, the Georgian Parliament ratified the Council of Europe Convention on Action against Trafficking in Human Beings. It shall be noted that the Georgian legislation regarding TIP fully corresponds with the standards established by the Council of Europe Convention.

Funding of the A-TIP activities: From the State Budget was allocated 80,000 GEL for the State Fund to protect and aid victims of trafficking in 2006; The funding was allocated for the State Fund after adoption of the Law, i.e. in the middle of the year. In addition, 20,000 GEL was allocated for psycho-social rehabilitation program for victims of trafficking. This Program covers medical and ambulance treatment. Moreover, 2 emergency operations of victims of trafficking were covered by the referral program of the Ministry.
Budget of the Fund for 2007 amounts 300,000 GEL (127,000 EUR). Additional 51,000 GEL was allocated for rehabilitation of the second shelter in Tbilisi by the Development and Reform Fund of Georgia.

The amount provided includes lump sum compensation (GEL 1,000, EUR 426) provided from the State Fund to the victims of trafficking.

**A-TIP Information and Education Campaigns:** The anti-trafficking information campaign and the large-scale educational activities conducted by the Georgian Government in cooperation with the international and local NGOs also contribute to both prevention and prosecution of TIP in Georgia and to the protection of the victims thereof. Namely, the various trainings have been conducted for the following target groups with the support of the Office of the Prosecutor General of Georgia: judges and prosecutors, high school teachers, the officials of the Ministry of Internal Affairs and the Ministry of Labor, Health and Social Protection, and the representatives of the Office of the Public Defender and the Mass Media. The trainings were concentrated on the various topics, depending on the nature of the activities of the target groups. The Office of the Prosecutor General of Georgia paid particular attention to the training of the hot-line operators of the relevant institutions on the issues related to TIP. The undertaken activities increased the effectiveness of the work of the officials of various institutions.

**Enhancement of International Cooperation:** The initiative of the Office of the Prosecutor General of Georgia to more closely cooperate with the officials of the Republic of Turkey for the prevention and suppression of TIP should also be underlined. On August 9-10, 2006, the Office of the Prosecutor General of Georgia hosted the meeting of officials of the relevant Georgian and Turkish law-enforcement bodies working on the TIP related issues. The bilateral meeting was devoted to the implementation of the Agreement between Georgia, the Republic of Turkey and the Republic of Azerbaijan on Combating Terrorism, Organized Crime and Other Grave Crimes. Along with other issues, considerable importance was attributed to the practical issues related to safe return of the victims of trafficking to their countries of origin and cooperation of law-enforcement bodies in the process of investigation of TIP crimes.

**A-TIP Unified Information Database:** Pursuant to the Article 8 of the Law of Georgia on Combating Trafficking in Persons, the Minister of Internal Affairs of Georgia issued the Order regarding the Rule of Creation of the Unified Database and the Rule of Formulation of the List of Officials having an access to the Unified Database in December, 2006.

The purpose of creation of the Unified Database is facilitation of the process of the identification of human traffickers; systematization of the information on human traffickers existing in different agencies; promotion of the effective cooperation, coordination and mobilization of the government agencies for the fight against trafficking; prevention of the crime on the basis of generalization of systematized data; facilitation of
the process of timely and effective aid, protection and rehabilitation of the victims by the Government.

Information on prosecution of TIP cases in 2006: Special attention is paid to the prosecution of traffickers. As a result, the law enforcement authorities report on the prosecution of the cases of trafficking before the Interagency Coordinating Council. There are specialized investigators and prosecutors working on the trafficking cases.

As regards the prosecution of TIP cases, in 2006 the investigations were initiated in 28 criminal cases into the alleged facts of TIP, 14 criminal cases against 16 persons were submitted to court for trial; the judgments were rendered in 16 criminal cases against 19 perpetrators.

The activities undertaken by the Georgian Government in close cooperation with the local non-governmental and international organizations clearly indicate absolute commitment of the Georgian Government to prevent and prosecute the TIP cases as well as effectively protect TIP victims.

Any numbers for 2007?

Fight against illegal drug trafficking

Organized crime and drugs: On February 13, 2007 the Parliament of Georgia approved the National Strategy for Combating Illegal Drugs. The Strategy will encompass three directions: social, legal and medical. On the bases of this strategy widespread activities will be carried out in the sphere of prevention of drug addiction, curtailing illegal movement of narcotic drugs, rehabilitation of drug addicts, enhancing international cooperation, and improvement of legislative framework. The MIA has conducted number of activities for awareness-raising against narcotic drugs: on June 1, 2007 Police Open Day has been conducted where leaflets, containing information about threats of drugs have been distributed; MIA published and distributed “Door-to-door” – a journal on the activities of police, which also contained information about drugs.

The National Drugs Strategy was adopted by the Georgian Parliament’s Decision #4334 on February 13, 2007 “About the Main Directions of the National Drugs Strategy”. It aims at the implementation of the complex and ballanced drug strategy; organizing effective PR campaign and the elaboration of the long-term drugs strategy.

The priorities of the National Drug Strategy are as follows:

primary prevention of the use of drugs and psychotropic agents – measures of social, educatuional and medico-psychological character, which contribute to the prevention of consumption of drugs;
medical treatment and rehabilitation of drug addicted persons – the complex of measures aimed at accessibility of medical and rehabilitation services (establishment of the specialized centers and implementation of the relevant programmes);

minimization of the damages caused by the consumption of drugs and psychotropic agents – activities aimed at minimization of negative results caused by the drug consumption;

limitation of drugs’ and psychotropic agents’ precursors supply which leads to the limited access to the drugs;

creation of the system of monitoring of the implementation of the National Drugs Strategy;

effective PR campaign;

creation of the qualified health manpower system;

expansion of the international cooperation;

further perfection of the legislative framework.

The process of implementation of the National Drugs Strategy is coordinated by the National Coordinating Body – the Drugs Policy Council, which aims at securing the effective inter-agency cooperation against illegal turnover of drugs.

The Drugs Policy Council has been working to coordinate activities undertaken by the state, local, religious and other organizations, execute the monitoring over the activities of the abovementioned organizations; get the financial recourses for the purposes of implementation of the National Drugs Strategy, respond to the problems related to the drug addiction, work out the relevant recommendations and contribute to the international cooperation.

Cooperation against money laundering

Money Laundering/Terrorist Financing: Georgia has introduced measures to prevent use of financial institution for the purpose of money laundering and/or terrorist financing. The Law of Georgia on Facilitation of Prevention Legalization of Illicit Income (AML Law) (06.06.2003) established legal requirement for financial institutions to report transactions which could possibly be related to terrorism financing. The Financial Monitoring Service of Georgia (FMS) was established on the basis of the Law of Georgia on Facilitating the Prevention of Illicit Income Legalization (the AML Law) and under the Decree N 354 of the President of Georgia “on Establishing the Legal Entity of the Public Law – Financial Monitoring Service of Georgia”. The FMS receives, collects, analyses and transmits information in accordance with the AML Law. The FMS issues and regularly updates
normative acts determining the list of terrorists and persons supporting terrorism in accordance with United Nations Security Council Resolutions 1267 (1999) and 1373 (2001). The lists are published and distributed to financial institutions, which, on their part, are under obligation to identify and check against the lists every individual which participates in a transaction. If a financial institution finds similarity with the list, the transaction is aborted (Article 5, paragraph 7) and the information is immediately transmitted to the FMS (Article 9, Paragraph 2).

Paragraph “J” of Article 2 of Anti Money Laundering law defines “suspicious transaction” as a transaction, irrespective of the amount, where there is a reasonable ground to suspect that it has been completed for the purpose of terrorist financing (and/or money laundering) or when any person participating in a transaction is included on the list of terrorists or individuals supporting terrorism or may be related to them. Under article 9 of the Anti-Money Laundering Law, Financial institutions are obliged to report such transactions to the Financial Monitoring Service of Georgia.

Under the Anticorruption Strategy Action Plan one of the important measures to be taken by the relevant responsible bodies is the amendment of Georgian criminal legislation. On 4 July 2007, the Parliament of Georgia adopted the amendments abolishing the 5000 GEL (2128 EUR) barrier established in Article 194 of the Criminal Code of Georgia (hereinafter – CCG). Under the previous version of the Article, the property valued below 5000 GEL should not have been considered as illegal income for the purpose of the crime of money laundering. The Article has the note that precisely defines the illegal or ill-founded property. Under the new amendments the illegal or ill-founded property will be considered as illicit income despite the field of criminal activities or the amount of property (is it below or more than 5000 GEL). Under the amendments of 22 June 2007, the crimes that entail the criminal responsibility of the legal persons were further defined in Article 107. The draft of the new amendments to the provisions on the criminal responsibility of legal persons is ready to be submitted to Parliament for the plenary hearings. Under the draft, the legal entity will be held responsible if the natural person subordinated to it has committed the crime in favour of the entity as a result of the lack of supervision or control on the part of the responsible person of the legal entity. Finally, the jury trial has been introduced in the draft of the new criminal procedural code. The crimes subject to jury trial are precisely defined in the draft. However, the new code still remains as a project and is pending before the Parliament for its adoptions after the relevant plenary hearings.

The Government of Georgia has signed the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime and on Financing of Terrorism (when?). Since the Convention provides new approach and introduces new institutions in the fight against money laundering and terrorism financing, Georgia has been taking intensive measures for the preparation of the ratification. Those measures, among others, include amendments to the various
legislation and optimization of the administrative structure in this field. Therefore, at this stage the preparation for the ratification is in process.

**FMS Georgia, the Central Bank, financial institutions, international financial institutions such as the IMF, World Bank, the IFC and the EBRD, and law enforcement agencies:** It is also worth mentioning that the legislative changes have significantly increased capacity of the FMS in the sphere of international cooperation. Namely, the FMS has been given the authority to conclude agreements (covenants) with the relevant agencies of other countries, in order to regulate exchange of information and other issues in the field of illicit income legalization and terrorism financing. The FMS forwards requests for submission of necessary information on issues related to legalization of illicit income to authorized agencies of other countries and international organizations, and responds to such requests.

As of today, the FMS has concluded MEMORANDA OF UNDERSTANDING on information exchange with relevant authorities of Czech Republic, Serbia, Ukraine, Israel, Estonia, Thailand, Lichtenstein, Romania, Slovenia, Panama, Belgium, Bulgaria, China, Croatia and Moldova; Pending with Turkey, Poland, Australia, Sweden, and Canada.

The most significant achievement with respect to international cooperation was made on June 23, 2004 when FMS became a member of the EGMONT Group. This fact enabled the FMS to exchange information with members of the EGMONT Group. The FMS also successfully cooperates with the International Monetary Fund, World Bank, the FATF, and the Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL), Departments of Treasury and Justice of the US, other international organizations. The FMS also participates as an observer to the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG).

**Training Programme for the staff of the FMS Georgia, judges, prosecutors and other relevant personnel:** Officers of The Special Operative Department within the Ministry of Internal Affairs of Georgia and the Special Service on Prevention of Legalization of Illicit Income at the General Prosecutor Office of Georgia undergo regular trainings provided by the World Bank, the IMF, OSCE, Council of Europe, USAID, US Departments of Justice and Treasury.

It is worth mentioning the workshop that was held on October 2 and 3, 2007 in the Office of the Prosecutor General of Georgia concerning anti-money laundering measures. On the Workshop the representatives of the United States Department of Justice, United States Department of the Treasury, FMS of Georgia and Prosecutor’s Office of Georgia made presentations on different issues concerning money laundering and shared their experience. The workshop was attended by employees of the Unit for Prosecution of Illicit Income Legalization of the Office of the Prosecutor General of Georgia, Special Operative Department of the Ministry of Internal Affairs of Georgia and Financial Monitoring Service of Georgia. The follow up workshop, which will mostly consist of
practical exercises on money laundering issues, is scheduled for the beginning of November.

**Government policy concerning asset recovery:** As regards the legal basis, the Georgian legislation is not familiar with the special mechanism of asset recovery. However, under both criminal and civil legislation, in case of newly discovered or revealed circumstances, the civil or criminal proceedings shall be renovated and if the case is resolved in favour of the defendant, the confiscated assets shall be returned to the latter due to the established procedure.

**Fight against money laundering:** On 4 July 2007 amendments to the Article 194 (money laundering) of the Criminal Code of Georgia have been adopted on the basis of the recommendations issued by different international organizations, including Money Val and FATF. Under the amendments, instead of the fixed period of deprivation of liberty as a sanction (5, 10 years respectively), judicial authorities were granted the discretion to apply the most appropriate period of imprisonment as a measure of punishment by establishing the lower and upper levels of deprivation of liberty in the Article (from 2 to 4, 4 to7 and from 7 to 10 years, respectively). In addition the Georgian legislators are taking further steps in order to make the sanctions much more effective and perfect. The package of legislative changes to the CCG has already been submitted to the Parliament for examination at the first plenary hearing. Under the amendments the sanctions established by Article 194 of the CCG are increasing.

According to the requirements of the AML Law, supervisory bodies ensure development and adoption (issuance) of inspection procedures and regulation of the determination and application of sanctions (including financial sanctions) against monitoring entities for violation of this law and normative acts adopted on its basis. In case of detecting violation of law requirements, supervisory authorities have the right to impose respective sanctions over the respective financial institutions. Specifically, according to the Law of Georgia on Facilitating Prevention of Illicit Income Legalization, if the supervisory body reveals that the transaction is subject to monitoring and the information on this has not been forwarded to the Financial Monitoring Service of Georgia, or guidelines of the relevant normative acts and Financial Monitoring Service have been violated, it shall immediately inform the Financial Monitoring Service and apply the appropriate sanction against the offender.

Currently, such sanctions are developed by: the National Bank for commercial banks, credit unions and currency exchange bureaus; Insurance State Supervision Service of Georgia – insurance organizations and founders of non-state pension scheme; National Securities Commission of Georgia for broker companies and securities registrars; Ministry of Justice of Georgia for notaries.

The National Bank of Georgia has also developed methodological manual for inspection of commercial banks in the light of money laundering aspects. Adequately authorized
department of the NBG conducts on-site inspection of commercial banks based on the set of relevant rules.

**Police and judicial co-operation**

**The ministry of Justice:** The Unit of Mutual Legal Assistance of the International Legal Relations Department of the Ministry of Justice is responsible on cooperation in criminal and civil law cases only on the level of judicial hearings. In this frame during eight months of the current year, 2286 applications have been received requesting assistance in criminal and civil cases. The Unit has sent 2197 requests for legal assistance.

According to the data of the year 2007, various correspondences requesting the legal assistance were received from the following countries: Russian Federation, Ukraine, Belarus, Moldova, Azerbaijan, Armenia, Turkmenistan, Kazakhstan, Kyrgyz, Uzbekistan, Tajikistan, Lithuania, Latvia, Estonia, Germany, Turkey, Bulgaria, Greece, Spain, Sweden, France, United Kingdom, Denmark, Belgium, Austria, Ireland and Iran.

The received correspondence implied the following matters of legal assistance:
- Service of documents (judicial tasks, civil acts);
- Enforcement of court decisions (proceeding of enforcement of pending cases, recognition/enforcement of decisions of foreign countries on the territory of Georgia);
- Conduct of procedural actions;
- Applications of citizens and other interested persons requesting the legal assistance on the territory of foreign countries;
- Applications of competent bodies of foreign countries with the aim of requesting information on various issues;
- Receiving information on all criminal convictions and subsequent measures in respect of nationals of the other state, entered in the judicial records.

In case when the agreement, either bilateral or multilateral, in the sphere of legal assistance is absent with some state, the International Legal Relations Department actively cooperates with the latter with the assistance of Consular Department of the Ministry of Foreign Affairs of Georgia.

Unit of Mutual Legal Assistance demands the documents from foreign states. For the simplification of the procedure and decrease of defects the special forms of questionnaires and applications were elaborated. Also the forms for judiciary, particularly the notification on handling the documents (Georgian-English and Georgian-Russian forms) were elaborated that contain the requisites envisaged by international agreements.

**Office of the Prosecutor General Georgia:** The Office of the Prosecutor General of Georgia, in conformity with the Georgian criminal procedural legislation, coordinates the
participation of different bodies of the Georgian Prosecutor’s office and other Georgian law-enforcement authorities in the international legal relations with the competent bodies of foreign states. This coordination comprises of two dimensions: mutual legal assistance in criminal matters and extradition.

The Office of the Prosecutor General of Georgia is the competent organ for mutual legal assistance in criminal matters in Georgia when the request concerns the case at the pre-trial investigation stage. The Ministry of Justice is responsible for the legal assistance in family law, civil and commercial matters. The extract bellow deals with the international cooperation in criminal matters.

The Office of the Prosecutor General deals with cases on extradition from and to Georgia. In the case of extradition of foreign fugitives from Georgia, it examines the compatibility of the request to Georgian legislation and the relevant international agreement binding for Georgia and takes the decision accordingly. At the same time, it prepares relevant documents for and transmits requests for extradition of Georgian citizens and stateless persons with permanent residence in Georgia to the relevant authorities of foreign countries.

While dealing with the issue of extradition, the Office of the Prosecutor general of Georgia is guided by the European Convention on Extradition of 13 December, 1957 (the Convention entered into force for Georgia on September 13, 2001), other bilateral and the Code of Criminal Procedure of Georgia (adopted on February 20, 1998).

In pursuance of the Georgian reservation of February 16, 2001 to the 2nd Additional Protocol of March 17, 1978 to the European Convention on Extradition, the Office of the Prosecutor General of Georgia is the competent organ to discuss the question of extradition.

**EUROPOL and Cooperation with the EU Member States:** Georgia is taking steps for enhancing cooperation with corresponding structures of EU member states on the basis of bilateral agreements (Bulgaria, Latvia, Estonia, Rumania, Greece, UK, Austria, and Finland) as well as with the EUROPOL. The Minister of Internal Affairs of Georgia addressed a letter to EUROPOL requesting cooperation in combating organized crime, as along with trainings of the personnel (when?) Informal dialogue is underway for inclusion of Georgia in EUROPOL 2008 Strategy; simultaneously, cooperation agreement is being prepared.

Georgia is a member of regional and universal international organizations involved in the fight against organized crime. One of the priority areas of cooperation among the member states of Organization of Black Sea Economic Cooperation (BSEC) is the fight against organized crime. “Agreement among the Governments of the Black Sea Economic Cooperation (BSEC) Participating States on Cooperation in Combating Crime,
in Particular in its Organized Forms” and its additional protocols constitute basis for regional cooperation in this field.

Since 2002, in the framework of GUAM, Georgia participates in the GUAM-US Framework Program on Trade and Transportation Facilitation, Customs and Border Guard Control, Combating Terrorism, Organized Crime and, Proliferation of Narcotic Substances. On 24th of June 2004 Parliament of Georgia ratified “Agreement on Cooperation in the Fight against Terrorism, Organized Crime and Grave Crime among the Governments of GUAM Member States.” Georgia is also represented in the GUAM Working Group on Combating Terrorism, Organized Crime, Proliferation of Narcotic Substances and other Grave Crimes. The meeting of this Working group was organized on April 3-5, 2006 in Baku. The mentioned meeting attached the issues of planning of joint operations and gathering information in the sphere of combating illegal circulation of drugs. Follow-up meeting was held in 2007. In 2002 Georgia acceded to the Agreement between the Governments of GUAM Member States on Cooperation in the Fight Against Terrorism, Organized Crime, Illegal Migration, Illicit Traffic in Drugs and Arms, Nuclear and Radioactive Substances and Technologies, Dual Purpose Substances and Technologies, which can be used for Creating Weapons of Mass Destruction on the Territories of GUAM Member States.

The GUAM Virtual Center for combating terrorism, organized crime, drug trafficking and other serious crimes is an international association of the law enforcement agencies of the GUAM member states was formed in accordance with the Agreement on Establishment of the GUAM Virtual Center and the Statute of the GUAM Virtual Center, signed in Yalta on July 4, 2003, and operates on the basis of using the GUAM Interstate Information management System (IIIMS). The Virtual Center is aimed at combating any form of organized crime, including terrorism, trafficking in human beings, smuggling of arms, illegal drugs trafficking, cyber-crime and violations of intellectual property rights. Georgia is represented in the Center by GUAM National Center of the Ministry of Internal Affairs.

In June 2006, in the Framework of GUAM Working Group on Trafficking and Illegal Migration a decision on organizing a joint operation “Chimera”, with the objective of collecting, analyzing and exchanging information in order to ensure effective fight against these criminal activities.

**SECI:** Georgia, in particular, the Office of Prosecutor General of Georgia, has been actively involved in the activities of SECI centre. It has the status of permanent observer within SECI and the representatives attend the meetings of the initiative. The Government representatives, though having an observer status are actively involved in the work of the Initiative, regularly attend the meetings and take part in the discussions on different acute issues. The latest activity within SECI was the meeting of South East Europe Prosecutors Advisory Group (SEEPAG), which was dedicated to the issue of date collection and protection. The representative of the Office of Prosecutor General of Georgia was attending the meeting and taking part in the discussions.
At the same time, Georgia is taking pro-active steps in order to become the full-fledged member of the Initiative. Since the membership needs the consensus of all the Member States, active negotiations are taking place in this direction Georgia has obtained for the moment Georgia has obtained the consent of all Member States, except one.

**GUAM-SECI Joint actions:** In the framework of the SECI-GUAM cooperation the Operation “LOGO” regarding the fight against synthetic narcotic drugs, has been carried out on 1-6 October 2007. For the conduct of the operation, following border points have been selected: Lagodekhi (Azerbaijan-Georgia), Red Bridge (Azerbaijan-Georgia), Sarpi (Georgia Turkey), Poti Sea Port, and Tbilisi and Batumi International Airports. The objective of the operation was to monitor drug movements in interactive regime by providing operative information to National GUAM VLEC Centre in accordance with established forms. The operative information was further transmitted to SECI regional Centre via SECI-GUAM National Centre of the Republic of Moldova. During the operation no cases of illegal movement of synthetic drugs (Ecstasy, Pachtagon, etc.) have been detected.

**The Government of Georgia has concluded a number of bilateral and multilateral agreements on cooperation in the fight with organized crime,** including in the framework of regional organizations:

- Memorandum of Understanding between the Ministry of State Security, the Prosecutor’s Office, the Ministry of Internal Affairs and the Ministry of Tax Revenue of Georgia and the Association of Chief Police Officers, the Crown Prosecution Service of England and Wales, the Serious Fraud Office, Her Majesty’s Customs and Excise, the National Crime Squad and the National Criminal Intelligence Service of the United Kingdom of Great Britain and Northern Ireland on cooperation in the fight against serious crime, organized crime, illicit drug trafficking and in like matters of mutual interest (2000).


- Agreement between the Republic of Azerbaijan, Georgia and the Republic of Turkey on cooperation in the fight against terrorism, organized crime and other serious crimes – signed at Trabson (2002).

- Agreement among the Governments of SUAM Participating States on cooperation in combating terrorism, organized crime and other serious crimes (2002).

- Agreement among the Governments of the Black Sea Economic Cooperation (BSEC) Participating States on cooperation in combating crime, in particular in its organized forms (1998).

- Additional Protocol (establishing a network of liaison officers) to the Agreement among the Governments of the Black Sea Economic Cooperation (BSEC) Participating States on cooperation in combating crime, in particular in its organized forms (2002).

- Additional Protocol on combating terrorism to the Agreement among the Governments of the Black Sea Economic Cooperation (BSEC) Participating States on cooperation in combating crime, in particular in its organized forms (2004).

On the basis of these agreements competent bodies of states parties exchange operative information on criminal activities of groups operation on the territories of two or more countries, on suspected trans-border movements of prohibited items and substances, members of criminal organizations.

Georgia is the party to the following International Treaties on mutual legal assistance:

**Legal Cooperation in Civil Matters:**
- the Hague Convention on Abolishing the Requirement of Legalization for Foreign Public Documents (5 October, 1961)
- Convention on Protection of Children and Co-operation in respect of Inter country Adoption (29 May, 1993).

**Legal Cooperation in Civil Matters:**

**Legal Cooperation in Civil and Criminal Matters:**
- Agreement on Judicial Assistance in Civil and Criminal Matters between Georgia and the Hellenic Republic.
- Treaty on Legal Assistance and Legal Relations in Civil and Criminal Matters between Georgia and Ukraine (9 January, 1995).
- Treaty on Legal Assistance and Legal Relations in Civil, Commercial and Criminal Matters between Georgia and the Republic of Turkey (4 April, 1996).

Concerning the Second Protocol to the European Convention on Mutual Assistance on Criminal Matters, it should be mentioned that though Georgia is not party to the above-mentioned protocol, at the mean-time relevant governmental institutions are considering the possibility for joining it. For this reason, legal expertise are taking place for determining the compatibility of Georgian legislation with the provisions of the protocol.
and all possible legislative changes that may be necessary when Georgia accedes to the Protocol.

Georgia has ratified the Hague Convention on Child Abduction. Ministry of Justice has been designated as the Central Agency for the implementation of the obligations under the Convention. The transmission of applications received is one of the main tasks of the Unit of Mutual Legal Assistance of the Ministry of Justice (article 9 of Convention) which in case of receiving such application operates accordingly. It is important to emphasize that the legislation of Georgia envisaged all the obligations deriving from the Convention, particularly no legalization or similar formality is required in the context of the Convention (article 23 of Convention) since the law of Georgia clearly indicates that if different rules in the implementation of notary acts is established by international convention, than notary acts in conformity with that convention; in addition no costs and expenses are imposed in case of judicial and administrative proceedings (articles 22 and 26 of Convention) since the legislation of Georgia implies freeing from any fees in case the applications concern the violation of juvenile rights (under Georgian legislation persons are considered to be juveniles before they reach 18).

The Constitution of Georgia stipulates the basic norms and the General Administrative Code of Georgia includes several articles on data protection and the publicity of data of public interest. These regulations contain the most important elements of data protection. However, with the aim of satisfying all requirements of Council of Europe Convention and for its full implementation a working group was established in the frame of European Commission project “Support to the Reform of the Ministry of Justice of Georgia”. With the assistance of foreign expert the draft law on Data Protection, draft law on Data Protection concerning Civil Registry as well as the recommendation on the revision of other laws in connection with data processing and data protection were prepared.

**Priority area 5: Strengthen regional cooperation**

Regional cooperation bears vital importance for Georgia. Georgia is set to develop and promote closer economic ties in the wider Black Sea region, including the South Caucasus.

The Black Sea regional cooperation should ensure safety and security in the region, bearing in mind that the EU became a fully-fledged player in the Black Sea region, a Black Sea littoral power. In this view, the existing regional cooperation formats (BSEC, GUAM) in this region may prove highly instrumental in reaching the goals of the new EU regional policy – Black Sea Synergy.

With a view of developing regional cooperation, on May 11-12, 2007 the city of Krakow, Poland, hosted the summit of the Heads of Georgia, Azerbaijan, Ukraine, Lithuania and
Poland. The main goal of the summit was to further strengthen, political and economic relations, including the energy sector, between the Black Sea, Baltic Sea and Caspian Sea regions. A joint Communiqué was signed on Creation of a New European Energy Corridor. A special working group was created consisting of the Ministers and Deputy Ministers of Energy and Economy of 5 countries to implementation of the results of the Krakow Summit. The first meeting of this working group was held on May 5, 2007 in Gdansk, Poland.

Georgia is a member of the BSEC and GUAM, regional international organisations, which play an important role in the development of regional cooperation in the Black Sea area.

Since 2002, in the framework of GUAM, Georgia participates in the GUAM-US Framework Program on Trade and Transportation Facilitation, Customs and Border Guard Control, Combating Terrorism, Organized Crime and Distribution of Drugs.

The GUAM Virtual Centre for combating terrorism, organized crime, drug trafficking and other serious crimes, an international association of the law enforcement agencies of the GUAM member states, was established in accordance with the Agreement on Establishment of the GUAM Virtual Centre and the Statute of the GUAM Virtual Centre, signed in Yalta on July 4, 2003, and operates on the basis of using the GUAM Interstate Information management System (IIMS).

At the GUAM summit held on June 17, 2007 in Baku, Azerbaijan agreement on multi-modular transportation of freights was signed between the participating countries.

Georgia promotes not only the development of regional cooperation through participating in the regional formats, but through implementation of liberal economic policy at the national level, as well.

By significant decrease in tariff and non-tariff barriers, Georgia has better (advantageous) trade regime with a number of BSEC member states (free trade regime with the CIS member states). Georgia has also improved freight conditions throughout the country, for currently there is zero charges on transport and the visa procedures are significantly simplified. Free Trade Agreements, as well as agreements on visa free travel have been concluded with some member states: Azerbaijan, Armenia, Moldova and the Ukraine, whereas Georgia has a 3-month visa free regime and has recently signed a free trade agreement with Turkey.

Implementation of the projects like Baku-Tbilisi-Ceyhan, Baku-Tbilisi-Supsa and Baku-Tbilisi-Erzurum pipelines, as well as Baku-Tbilisi-Kars railway will greatly foster the development of regional cooperation in energy and transport areas among the BSEC member states participating in the above projects.
A good example of the regional cooperation is the collaboration among the countries of the Black Sea, the Baltic Sea and the Caspian Sea, the goal of which is to ensure alternative routes for delivery of Caspian energy resources to the European market via Odessa-Brodi-Gdansk oil pipeline. The new realities in our region formed a favourable ground for the implementation of the mentioned project.

Priority area 6: Promotion of peaceful resolution of internal conflicts

Continue diplomatic dialogue for supporting peace process:
- The Georgian Government consistently endeavors to resolve conflict issues via diplomatic and peaceful negotiations. In the mentioned context, it is worth mentioning the Memorandum envisaging further steps for final resolution of conflict in Tskhinvali Region submitted by the Georgian Government to Tskhinvali de facto leadership in 2007, wherein the Georgian Government’s position related to resolution of conflict issues through negotiations is again underscored. The mentioned document is not a new approach of the Georgian Government, but it is an integral part of peaceful process presented and adapted in OSCE Lubljana Ministerial Meeting in December, 2005.
- In relation to Abkhazia, Georgia Peace Plan (Road Map) of the Georgian Government holds a significant place in the process of peaceful negotiations. Basic principles of peaceful negotiations are included in the Road Map and strong determination to resolve the conflict by peaceful means is underlined therein.
- In 2007, within framework of the Group of Friends of the UN SG (Geneva Process) meetings were held in Geneva and Bonn. Issues related to the dynamics of the peace process and recent developments, especially overall security situation and return of IDPs/Refugees were discussed between the participants in the meeting.
- To ensure the guarantees of obligations assumed in the process of peaceful negotiations, the Government of Georgia urges International Communities, by means of monitoring, to be actively engaged in the dialogue process between the parties in conflict.
- It is hereby worth mentioning, in the context of North Atlantic integration of the Georgian Government, the circumstance, that the obligation on peaceful resolution of conflict issues undertaken by the Georgian state has been confirmed at all levels.
- In September 2007, the President of Georgia informed the UN General Assembly about the initiative to revise the peace process in the Abkhaz conflict zone and to develop legal basis for resolution of conflict issues. The UN Secretary General welcomed the mentioned initiative. Currently, consultations on the mentioned issue are being held between representatives of the Georgian Government and International experts.
- In 2007, the Office of the State Minister of Georgia on Conflict Resolution Issues conveyed draft Mechanism of bilateral meetings on security issues in the Abkhaz conflict zone, the major assignment of which is to conduct dialogue on security issues with representatives of Sokhumi de facto leadership. The meetings have been planned to be held in the mentioned framework under the umbrella of the UN Mission in Georgia. The
aforementioned fact once again confirms the irrevocable position of the Georgian Government to conduct the confidence building measures and direct dialogue.

- In March, 2007 in Istanbul, Turkey, another informal meeting of the Chairmen of Joint Control Commission (JCC) was held, where representatives of the Government of Georgia presented their priorities and expressed their readiness to conduct working meetings with the view to converge the Georgian initiatives and participants' positions during the preliminary period of the JCC. It is noteworthy that the OSCE and the EU have supported the mentioned proposals, but the process has been failed owing to non-constructive position of Russia and Tskhinvali de facto regime.

- In the context of direct dialogue, the special significance is attributed to the working of the Commission on Defining the Autonomous Status of the Former Autonomous District of Southern Ossetia within the Georgian State. With the view of better coordination of the commission’s activities, working groups dealing with legal, economic and financial, cultural-educational directions have been set up. The Government of Georgia together with representatives of Temporary Administration operating on the territory of the former Autonomous District of South Ossetia and those of local population are involved in the work of the Commission. The major objective of the Commission on defining the Status is to prepare such a legal proposal/framework that will guarantees social-cultural autonomy, local self-governance and European model autonomy for the region.

- Nevertheless the numerous offers from the part of the Georgian Government, both representatives of Tskhinvali de facto leadership and representatives of the Russian Federation refuse to take part in the work of the Commission.

- The Government of Georgia urges and welcomes the participation of the EU experts in the work of the Commission on defining the Status of Tskhinvali Region. Proposals prepared by the Commission will be submitted to the European Union as well as Venice Commission, the OSCE and other interested International Institutions for further consideration and assessment.

**Offering direct negotiations between representatives of the Georgian Government and de facto representatives:**

- The Georgian Government has repeatedly brought up the issue on transferring the negotiation process into the framework of direct dialogue. Also, the issue related to elaborating more effective mechanisms of negotiations in the existing formats and increase of international participation in the peace process, real involvement of OSCE, USA, EU and other interested countries and organizations therein.

- Today, the artificially created pause in the negotiations process in the Abkhaz conflict zone, represents deliberate tactics of representatives of Sokhumi de facto leadership and the forces standing behind them aiming at misleading the International community. In the negotiations process, artificially created vacuum based on the instructions of the Russian side, represents an attempt of the Abkhaz de facto leadership to create such picture as if there was no prospect of co-existence between Georgian and Abkhaz people. It is worth mentioning that official representatives of the Russian Federation support representatives of Sokhumi de facto authorities in the mentioned
activities and viewpoints. The desire to maintain the existing status quo is distinctive feature of the acts of the Russian federation. Any kind of efforts made by the Georgian Government with regard to restoring the contacts between Abkhaz and Georgian societies are principally blocked from the part of Sokhumi de facto authorities and their supporters.

- The offer of the Georgian Government related to organization of high level meetings with representatives of Sokhumi de facto authorities, inter alia meeting between the President of Georgia the de facto leader has been rejected by Sokhumi de facto representatives without providing any explanation. In addition to this, the meeting with Prime-Minister of Georgia, which was planned to be held on technical issues related to rehabilitation of Enguri Hydro Power Plant, has been canceled on account of de facto authorities without any arguments thereon.

- After the long pause, in 25 October, 2007, State Minister of Georgia on Conflict Resolution Issues paid a visit to Sokhumi, where he met with Sergei Shamba, de facto Foreign Affairs Minister. The visit of the State Minister to Sokhumi with the view of resuming direct meetings in the future had great importance as a step taken forward. It is hereby worth to mention that the State Minister has communicated to representatives of de facto authorities about the Goodwill of the Georgian Government. Particularly, the release of 7 member of the Abkhaz armed sabotage group arrested by the Law Enforcement Bodies of the Georgian Government. The aforementioned is another important step taken forward for confidence building.

- Working dialogue between representatives of Sokhumi de facto leadership and the Office of the State Minister on Conflict Resolution Issues is maintained.

- In addition to this, it is worth mentioning the repeated statements of the Office of the State Minister of Georgia on Conflict Resolution Issues addressed to representatives of de facto authorities of Tskhinvali Region on their participation in the sessions and meetings of the working groups of the Commission on defining the Autonomous Status of the Former Autonomous District of Southern Ossetia within the framework of Georgian state. Unfortunately, representatives of Tskhinvali de facto authorities have declined the offer to participate in the mentioned Commission.

**Strengthening the efforts aimed at confidence building.**

- In the context of peaceful resolution of separatist conflicts existing in the territory of Georgia, the Government of Georgia emphasizes the importance of confidence building measures.

- All our resources are directed to put main emphasis of projects and programs on the contacts and relations between our communities. Our touchstone in the process of development of any kind of initiative or project is the principle of necessity for confidence building.

- On the basis of assessments made in March, 2006 by the mission studying the existing requirements conducted under the aegis of the OSCE in the territory of the conflict zone of Tskhinvali Region and in the nearby territories, on 14 June, 2006, under the initiative and with the support of the OSCE, Donors Conference was held in Brussels, where the package of joint projects was represented. Donors expressed their readiness to allocate 7.9 million euros. The Georgian side stated its readiness to allocate
the same amount of money for financing the projects, which is unprecedented event in the existing practice and which was eagerly welcomed by the Donors. Nearly 300,000 Euros have been already assigned from the budget of Georgia in the rehabilitation basket.

- In the territory of the former Autonomous District of South Ossetia, with the support and direct participation of Temporary Administration created under the Decree of the President of Georgia, the Government of Georgia exercises the social-economic rehabilitation program. Within the framework of the mentioned program, for the time being, 20 millions GEL have been already assigned from the budget of Georgia. The Temporary Administration holds an important place in the successful implementation of the program, as it plays the mediatory role between the central government and local population. The abovementioned is especially important for building the confidence, which was damaged as a result of the conflict, between local population of the Region and the Government of Georgia.

- Another step taken forward to the confidence and contacts building of the Georgian, Ossetian and Abkhaz communities is the youth camps organized in the village of Ganmukhuri and in Upper Abkhazia. The Georgian Government offered Abkhaz and Ossetian youngsters to participate in the activities of the camp. The contacts between the youths will facilitate to destroy the stereotypes or artificial obstacles created between the communities as a result of the conflict.

- In the context of confidence building, the special importance is given to the issues of demilitarization of the Region. With the view of confidence building, the Georgian side has implemented the following unilateral steps in the conflict zone of Tskhinvali Region:
  - Dismantling of the military-fortification buildings owned by the Georgian side in the conflict zone;
  - Withdrawal of military police subdivisions of the Ministry of Internal Affairs of Georgia from the valley of Didi Liakhvi.

- Additionally, the representatives of the Government of Georgia once again firmly raised the issue related to demilitarization of the Region, disarmament of illegal gang formations and their final demobilization in the plenary session of Joint Control Commission held on 23-24 October, 2007. Due to destructive position of Tskhinvali de facto authorities, no agreements were reached in the Plenary Session.

- In July and November, 2007, working meetings on implementation of Rehabilitation program of the Abkhaz conflict zone have been conducted in Zugdidi and Gali. The priority projects within the EU-Georgia ENP AP for which the EU had allocated 4 million Euros in 2007 were discussed during the meetings. The joint initiative on creating the Steering Committee on Rehabilitation program have been resounded by representatives of the Georgian Government and representatives of Sokhumi de facto leadership, which envisages the creation of new mechanisms i. e. Secretariats and working groups dealing with rehabilitation program in Tbilisi and Sokhumi. The main task of the mentioned Secretariats will be to coordinate the implementation of the program funded by the European Union. The following Steering Committee meeting will take place in Tbilisi, at the beginning of 2008.
The meeting of Veterinarian Services representatives of the Government of Georgia and Sokhumi de facto authorities has played an important role in the context of confidence building measure. During the meeting, the experts underscored the prevention of swine fever and bird flue as well as necessity for mobilization of joint efforts in this direction. Georgian veterinarians shared the methodology and acquired experience in fighting against the epidemics with their Abkhaz counterparts. The agreement to share information and knowledge on regular basis in the future has been reached. The Georgian experts also talked about the opinion and recommendations of the EU Paris Document.

One more step taken forward to the confidence building is the participation of representatives of the Georgian Government in Joint Fact Finding Group. The mentioned meetings are regularly held.

Conducting the dialogue on safe and unconditional return of refugees and Internal Displaced Persons:
- In the negotiation process, stemming from the present circumstances, the issue related to the return of refugees and IDPs is extremely pressing. Representatives of de facto authorities and their supporters make all efforts in a way that in the negotiation process less appropriate attention is attributed to the mentioned issues. Nevertheless the fact, that fundamental right to safe and dignified return of refugees and IDPs is recognized by the universal principles of International law. Unfortunately, International community played sufficiently passive role in forcing the issue of the return of IDPs and refugees. Under the circumstances of inertness of international community, Sokhumi de facto leadership based on initiation of legislative initiatives, try to make the return of the refugees impossible and decline the universal principles of refugees to return, refuse to enact the mechanisms relating to IDPs' return signed and recognized by him on 4 April, 1994 as well as property rights of refugees and IDPs.
- The mentioned acts of de facto authorities are the attempts to legitimize the ethnic cleansing of Georgian which occurred during the conflict and which was accordingly assessed by the International community (The OSCE Declarations of Lisbon (1994), Budapest (1996), and Istanbul (1999)). Stemming from the aforementioned, it should be in the interests of international community to crack down any attempt to legalize the ethnic cleansing and to ensure unconditional return of the refugees.
- As a result of intensive work of the Government of Georgia, it is the first time that integrity of the rights of refugees and IDPs to return to their homes and their property rights has been mentioned in the text of the UN Resolution of 15 October, 2007.
- In connection with the abovementioned, we should point out that inter-agency working group has been created in the Office of the State Minister of Georgia on Conflict Resolution Issues, the aims of which are to ensure better coordination for cooperation with United Nations High Commissioner for Refugees and working on Action Plan.

Activating the efforts aimed at opening the full-fledged office for Human Rights Protection in Gali district:
- Appalling human rights situation in Gali district, which is further deteriorated by the inaptitude of Russian peacekeeping forces, raised the issue of opening the full-fledged Office of the UN for Human Rights in Gali district.
- It is worth to mention that International community shares the position of Georgian Government which is also confirmed in the UN Security Council Resolution.
- Unfortunately, despite the steadfast request of the Georgian Government, the full operation of the UN Human Rights Office in Gali has not been attained up to the present.
- Furthermore, there is an attempt from the part of *de facto* authorities to substitute the UN Human Right Office with the Centre of NGOs, which will not obviously ensure the protection of human rights of local population and it is, therefore, inadmissible for the Georgian side.
- The Government of Georgia in the meeting with representatives of International organizations and representatives of diplomatic missions accredited in Georgia, always requests for opening the full-fledged Office of the UN for Human Rights.
- The Government of Georgia permanently raise the issue related to studying in native Georgian language at 30 secondary and elementary schools operating in Gali. The mentioned issue is continuously blocked by representatives of Sokhumi *de facto* leadership.

**Activating the efforts aimed at putting into operation of the component of Civil Police in Gali district:**
- As it is stated above, appalling human rights situation in Gali district has created the necessity of putting into operation of the component of Civil Police, the main objective of which is to ensure the security of population.
- Heavy criminal situation in the district is conditioned by the inefficacy of the CIS JPKF (Russian peacekeeping forces) and, in frequent cases, by non-fulfilment of the obligations undertaken pursuant to their mandate. In some cases, the peacekeepers themselves are involved in criminal incidents.
- The mentioned circumstances again underline the necessity for putting into operation of the component of International Civil Police in Gali district, which, based on the request of the Georgian Government, is adopted by the UN Security Council Resolution.
- The Georgian Government before the International community always raises the issues of putting into operation of the component of Civil Police, which is precondition for ensuring the security of people residing in the Region.

**Realization of Human dimensions, social-economic rehabilitation projects, among them promotion of small businesses and employment, reconstruction of social infrastructure in the conflict Region:**
- The experience acquired in the course of years and international practice has made it clear that one of the successful formulas for resolution of conflict issues is to build confidence between the parties in conflict.
- In the context of confidence building, the most effective approach is social-economic rehabilitation of the conflict region and steps taken in the direction of improving living conditions of the local populations.
- Within the framework of EU-Georgia cooperation, economic rehabilitation program is being implemented in Abkhazia, Georgia.
- Also, within the framework of European Neighbourhood Policy, the implementation of social-economic rehabilitation programs in the conflict regions of Georgia is envisaged in the ENP AP for 2007. Consultations on the Action Plan for 2008 are being conducted between representatives of the Georgian Government and Experts of European Commission Delegation in Georgia.
- In the conflict zone of Tskhinvali Region, as it is mentioned above, implementation of the OSCE Donor’s rehabilitation program is under way.

**Support activities of the EU Special Representative in South Caucasus and his supporting team:**
- The Government of Georgia reaffirms its readiness for close cooperation with Special Representatives of the European Union in the Southern Caucasus. The Office of the State Minister of Georgia on Conflict Resolution Issues is also ready, stemming from the Office’s competence, to facilitate the activities of special representative of the EU and his supporting group.
- As a result of active cooperation with the special representative of the EU in the Southern Caucasus, the European Union adopted the important document on defining the role of the European Union in the process of conflict resolution. Namely, it is envisaged to enhance the role of the European Union by implementing confidence building measures and rehabilitation programmes. It should be indicated that the EU has already deployed two representatives in Georgia, the aims of which are, at the given stage, to assess the situation on the ground and make relevant assessments. The Office of the State Minister of Georgia on Conflict Resolution Issues has pledged European experts its maximal support and cooperation.

**Start implementation of the Georgian Law on Establishment a Provisional Administrative Unit in the Tskhinvali Region:**
- In April 2007, the Parliament of Georgia adopted the Law of Georgia on Creating Appropriate Conditions for the Peaceful Resolution of the Conflict in the Former South Ossetian Autonomous District.
- The Law established a framework for setting up a provisional administrative-territorial unit in Tskhinvali region, on the territory of the former South Ossetian Autonomous District.
- The main objectives in creating the provisional administrative-territorial unit include:
  - Promoting the peaceful resolution of the conflict;
  - Restoring the constitutional order in the area;
  - Protecting the rights and interests of the local community, including all ethnic groups represented in the region; and
  - Creating appropriate conditions for democratic elections.
After the Law’s adoption, the Georgian Government invited all political forces and representatives of local communities in Tskhinvali Region/South Ossetia to talks aimed at reaching agreement on the formation of an administration for the provisional administrative-territorial unit. All parties were invited to this dialogue, including the current de facto leadership of Tskhinvali.

- As a result of the consultations, those political forces willing to engage in the conflict resolution process and representing the interests of the local communities received a mandate to form the new administration.
- Accordingly, based on the Law, on May 10, 2007, the administration of the provisional administrative-territorial unit was established by a decree of the President of Georgia and with the consent of the Parliament of Georgia. The head of the administration was appointed by the President.
- The Administration, inter alia: participates in negotiations on defining the region’s political status within the Georgian state; advances its own proposals developing European-style autonomy in consultations with the local communities; channels humanitarian and reconstruction assistance to the region and its population; carries out relevant governance duties and administrative functions; implements economic development projects.

**Priority area 7: Cooperation on Foreign and Security Policy**

**Finalisation of procedures necessary to align Georgia with the EU declarations on regional and international issues:** Starting from June 1, 2007 Georgia has been aligning with almost all the EU CFSP declarations, except when they refer Georgia or the resolution of its internal conflicts;

Prior to submittal of the declaration text agreed among the EU member states to the Georgian side, the latter receives an information, approximately two days before, on a subject of the declaration to be adopted (early warning system). The said system allows the Georgian side to promptly inform (within 12 or 24 hours) the European side on its decision;

On each declaration the representatives of the respective offices of the EU Council Secretariat General contact the Mission of Georgia in Brussels (respective contact person), which, on its part, promptly informs the the contact person at the Ministry of Foreign Affairs of Georgia;

It should be noted, that if the European side does not receive timely reply from the Georgian side, it will automatically conclude that Georgia is not joining the specific declaration.

**Developing new EU-Georgia cooperation froms within the framework of the common Foreign and Security policy and encreasing efficiency of the existing**
The Ministry of Foreign Affairs of Georgia continues to work actively on enhanced political dialogue between Georgia and the EU, as foreseen by the EU-Georgia ENP Action Plan. In this view, Georgian side relies on the support of the EU Member States for the introduction new formats of the political dialogue between sides, particularly EU PSC and COEST Troika-Georgia formats.

Priority area 8: Transport and Energy

Transport

The Government has been actively pursuing liberal policy in the transport sector. The revision and renewal of the international treaties in the field of transport is underway aimed at promotion of liberal approach and competition. National Transport Regulatory Commission has been dissolved in March 2007. The United Transport Administration under the Ministry of Economic Development has been created and put in charge of technical supervision of the sector in April 2007.

Railroad transport. Significant achievements have been made in the performance of the railroad transport. In 2006 the Georgian railways carried 22.6 million tons of cargo, which exceeds the same figure for 2005 by 19.6%. The dynamics of transportation of crude oil and oil products has also increased as compared with the previous year: the figure for 2006 (13.5 million tons) is the highest for the past 15 years. 3.9 million passengers were carried in 2006. This figure has increased by 8.3% as compared to 2005.

In February 2007 the agreement was signed by the Governments of Georgia, Turkey and Azerbaijan on New Baku-Tbilisi-Karsi Railway Line and its construction started in September 2007. The transfer rate for this line will be approximately 8-10 tones by 2010-2012. The agreement ratification procedures are underway.

Significant simplification of customs clearance, border control and cargo declaration is also planned. The measures are undertaken for the equipment of customs and border check-points with modern information technologies, their integration into the integrated information network and facilitation of proper information turnover that will improve and simplify the procedures for cargo owners.

For the purpose of implementation of flexible rate policy and attraction of additional flows of cargo, Georgian Railway Ltd was granted the right to independently manage its cargo policy. The simplified tariff rates were introduced in 2007. The new equalised tariffs for international (export, import) and local transportation were introduced that ensured the implementation of the tariff policy oriented on a cargo owner on the railway market.

Road transport. 27.2 million tons of cargo was shipped by the road transport in 2006 (increased by 1.1%). 270.3 million passengers were carried that exceeds the figure for 2005 by 2.7%.
In the course of the liberalization policy, pursued by the Georgian Government, the agreements with the partner countries and governments are being reviewed. The draft interstate agreement on International Vehicle Traffic was prepared and the domestic procedures were completed. The agreement will be signed with 11 countries, amongst them with the Czech Republic, Hungary, Slovakia, Austria, Poland, Estonia and Finland. Currently the negotiations are held with the above listed countries and their competent authorities for the arrangement of working sessions and finalisation of the agreements.

**Maritime Transport.** 25.8 million tons of cargo was processed at the sea ports in 2006. The volume of the cargo in Poti port, compared to the indicators of 2005, increased by 8.2%, in Batumi Port – by 21.1%.

**Civil Aviation.** For the past several years the increase of passenger turnover in civil aviation is notable: in 2006 the Tbilisi international airport served 574 183 passengers, which is a 5.6% increase compared to 2005.

In March 14 2007 an agreement has been concluded with the British Company SPM (Skyport Projects Management) for the construction of air-cargo terminal in Tbilisi International Airport. The project also envisages the construction of multi-modal cargo terminal, which will be located on the territory adjacent to Tbilisi International Airport. The terminal will receive the cargo by air, railway and motorway and will process them. The construction of the terminal will be completed in 12 months, which means additional 35 million US Dollar investment in Georgia and the creation of at least 350 working places.

In 2005 Georgia joined the European Civil Aviation Conference (ECAC) which played an important role in the liberalization of the European Union civil aviation system and legal framework regulating the European Union Air Transport Market. ECAC Membership provides for Georgia to initiate the procedures, which are necessary for becoming a member of EUROCONTROL. The membership of this organisation will allow the country to integrate into the common European navigation space and harmonisation with the European standards for navigation systems. The Concentration and Implementation Plan – the so-called LCIP has already been developed.

With a view to pursuing the liberal policy in the aviation field, for the promotion of free competition and liberalization of air traffic, a number of draft model agreements between Georgian Government and a number of EU Member States on Air Traffic were developed: namely between Georgia and Federal Republic of Germany, the Kingdom of Netherlands, Republic of Greece, Republic of Hungary, Lithuanian Republic, Republic of Estonia, Republic of Italy, Czech Republic, Republic of France, the Kingdom of Denmark. Appropriate procedures are underway between the countries in order to sign the above-mentioned agreements in the nearest future.

Implementation of the liberal principles in the field of civil aviation will also facilitate the entrance of the so-called “low cost” airlines into the Georgian aviation market. In May 2006, the Horizontal Agreement, related to certain aspects of air services, was signed between the Georgian Government and the European Union. Thus the air carriers of the
EU Member States, which are established on the territory of and have the license issued by one of the EU Member State and which are under the ownership of the EU Member States and/or the EU citizens, are admitted to the Georgian aviation market without discrimination.

The Tbilisi International Airport was officially opened on February 7, 2007, and new International Airport of Batumi – in May 2007.

The air navigation systems were modernised and re-equipped and currently are fully compatible with the international requirements.

**Energy**

Georgia and the EU are very similar in the sense of being highly dependent on energy imports. Moreover, the main foreign supplier is the same – Russian Federation. Likewise, Georgia and the EU share the long-term risk of growing energy consumption, amid common worries about current and possible future instabilities in the main global energy-supplying countries and regions.

For the last two years, Government of Georgia has implemented successfully the key objectives of the country’s energy policy towards increasing the degree of energy security of the country, through diversification of energy sources and transit routes. If Georgia in 2005 imported gas only from one pipeline, nowadays using its geo-political location for transit, import and export arrangements for ensuring the energy security, it is consuming the gas resources also from Azerbaijan. In the future Georgia plans to increase secure energy supply through intensified diversification of energy sources. Nowadays Georgia actively started realization of its potential. It has become the important chain of regional, European and Asian trading relations and link for energy transit and communications. Georgia is not a major energy producer, but the country plays a major strategic role in providing the land corridor for the transit of Caspian and Central Asian oil and gas resources to western markets.

In order to implement successfully the above mentioned goals, Georgia has also applied to the energy community with the official application for getting observer status. This official application was submitted on 28th June 2007 to Montenegro as Presidency of the Energy Community. The application was discussed at the meeting of the Ministerial Council of the Energy Community, which took place on 29th June 2007 in Montenegro. On 18 December 2007 the third Ministerial Council meeting in the context of the Energy Community took place in Belgrade, Serbia and during this meeting Ministers welcomed Georgia as an Observer to the Treaty.

This inevitably creates similarities in the background, objectives and even instruments of the energy policy. Indeed, the “Main Directions of the Energy Policy of Georgia” reflect – albeit sometimes only implicitly – EU energy policy objectives (security of supplies,
safety, modernisation of networks) and the main principles of the domestic electricity and
gas market, such as unbundling, third party access and market-based price formation.

New energy policy document is planned to elaborate Ministry of Energy of Georgia in the
2008-2009. The "Main Directions of the Energy Policy of Georgia" was adopted in the
beginning of 2006, after that time many new priorities were set. If in the past years the
main attention was paid to insurance of the energy supply of the whole country, by the
end of 2007 this problem is solved and now the main priorities are to diversify energy
sources through the construction of new energy facilities and transit routs. From that
point of view elaboration of new policy document on further development of sustainable
energy and energy efficiency, will become main aspect of new Energy Action Plan.

Co-operation on Caspian and Black Sea regional energy issues (oil, gas, electricity) in
the context of the "Baku Initiative" and the follow up to the 2nd Energy Ministerial
Conference held in Astana on 30 November 2006, including with the support of the "EU-
Black Sea and Caspian Sea Basin and its Neighbouring Countries Energy Cooperation
Secretariat (INOGATE) is continue. This co-operation is in progress. In the context of the
initiative of the EU/Black Sea/Caspian Sea countries a working group was convened in
Brussels within the framework of the INOGATE program on April 16-17, 2007. The
meeting approved the Work Plan for 2007-2008 and defined the main directions of
cooperation for this period to support the strengthening of energy security through
import/export of energy resources, diversifying the supply methods and regulating the
demand on energy resources. Working Group members continue the working process
on the activities according to Work Plan for 2007-2008.

Baku-Tbilisi-Erzurum pipeline has been completed in 2006. Under the INOGATE
program Georgia participate in new project "Feasibility study of a Trans-Caspian-Black
sea gas corridor". The goal of this project is to investigate the feasibility of a gas transit
corridor from Kazakhstan and, possibly, Turkmenistan across the Caspian Sea to
Azerbaijan and Georgia and then through the Black Sea region to EU consumer
countries. The meeting of beneficiary countries and representatives of European
commission was held on 30th of November, 2007 in Brussels. On the meeting has been
discussed the completed project feasibility study and has been adopted future steps of
cooperation in this direction for 2008. The implementation of the above mentioned
project will support the diversification of energy supply routs and will increase the energy
security degree in the region.

According the "Main Directions of Energy Policy of Georgia" adopted in June 2006 by
the Parliament of Georgia the main objectives of the energy policy are security and
safety of energy supplies, diversification of energy imports, increased use of renewable
energy sources, energy efficiency and energy saving. These objectives match those of
the EU energy policy, which corresponds to the PCA Art 56 and ENP AP section 4.6.2.
The new energy policy document is under elaboration process. will be completed by

In November 2007 Georgian-European Policy and Legal Advice Centre (GEPLAC) has
provide technical assistant to the Ministry of Energy on measures to converge country's
long-term energy policy with the principles of the EU energy policy objectives, including security of supplies through the diversification of energy routes. In this regard, invited Lithuanian Expert hold meetings and consultations with Ministry of Energy of Georgia and other representatives of the energy Regulator and companies operating on the Georgian energy market. After the consultations, Ministry of Energy of Georgia organized two day seminars on 22 and 23 of November, 2007. During the seminar the Expert has represented main trends of the EU energy policy and reviewed the current state of energy legislation in the EU, including the development of the 3rd energy package. By January 2008 is planned to organize second part of seminars concerning policy measures necessary to gradually achieve convergence between the principles of Georgian and EU electricity and gas markets, specifically as regards: vertical unbundling, third party access, market opening and cross-border interconnections.

To implement one of the main goal of country’s energy policy - to harmonize energy market with the regional markets, Ministry of Energy of Georgia has developed new structure of energy market. In this regard some important reforms have been implemented in energy sector in 2007. As a result the Electricity Wholesale Market has been restructured:

Under the Order of the Minister of Energy N30 dated April 25, 2007 on Deregulation of Electricity Sector the special conditions for small capacity power plants (up to 10 MW) were set, (such as granting priority to the applications of small capacity power plants when selling the balance electricity to the System Commercial Operator within the framework of direct agreements and purchasing the balance electricity by System Commercial Operator generated at Hydro Power Plants (HPP) without a direct agreement at an average weighted price). Small HPPs unlike other production licensees are allowed to sell electricity directly to a retail consumer that serves the development of small power engineering.

In accordance with the amendments to the Law of Georgia on Electric Power and Natural Gas № 4911 made on June 8, 2007 in case of construction of new hydro power stations, electricity produced by small HPP will be subject to obligatory purchase by the System Commercial Operator at the long-term fixed tariff set by GNERC (electricity regulatory commission) during the investment pay-back period in case of investor’s will. Under the amendments to the Law of Georgia on Electric Power and Natural Gas № 4911 made on June 8, 2007 was implemented another changes: has been created “system reserved capacity”. System reserved capacity ensures the sustainability and stability of the united energy system.

The above-mentioned facts will contribute to power plants using renewable and alternative energy sources oriented on electricity production, thermal power plants will be in reserve that serves for the reduction in environmental pollution and for increasing average weighted tariff of electricity in the market. This amendment also provides the high degree of pay-back of the investments made in construction of new power plants.

New system of accounting for financial flows has been developed in 2007. The function of the System Commercial Operator (former Wholesale Market) is to account for the
money flow within the system (accounting for supplied energy and billing of the sellers/purchasers). This decreases the number of cases of unaccountable transfer of electricity and relevant money flows.

At the same time, under the Order of the Minister of Energy N69 dated September 25, 2007 on Deregulation and Partial Deregulation of Natural Gas Supply Activities, a number of changes were introduced in relation to natural gas tariffs.

One of the main directions of the country’s energy policy is to use renewable energy sources in order to strengthen the energy security of the region. In order to promote energy infrastructure security, Georgia is intend to strengthen it's activities in this direction. The key objective of this policy is to ensure fully security of energy supply and demand of the country. It is well known that the development of energy and energy-transportation infrastructure connecting Europe and Asia will increase global energy market security and ensure diversity of supply.

In accordance with this, the Government will continue efforts to improve utilization of energy resources of the country, which will facilitate an efficient use of the available energy resources. As far as Georgia is rich in hydro resources (around 70% of energy resources are hydro) the projects related to construction of new hydropower plants are set as priority by the Ministry of Energy of Georgia.

According to a new report by the World Bank and the International Finance Corporation (IFC) Georgia was recognized as a top reformer in the Commonwealth of Independent States (CIS) and led the global top 10 reformer rankings on the ease of doing business in 2006. According the report Georgia made enormous improvements to many areas of its business regulations and jumped an astonishing 75 places in the rankings in just one year, moving from 112th place to number 37.

To support and develop the above mentioned process Ministry of Energy Georgia continues work on attractive the investors interested in construction of new HPPs in various parts of country during 2007. Following the rapid rise in the price of imported gas from Russia, hydropower has become least cost generation in Georgia as it is in most other electricity systems. In this regard the government of Georgia has decided that developing some of untapped hydro resources is the cheapest and cleanest way to meet growing electricity demand. The government seeks private sector investors to develop the most prospective greenfield sites, ranging from 10 to 640 MW, for a total of approximately 1500 MW with 5-6 TWh of annual electricity generation.

Based on a request from the Ministry of Energy in Georgia, ECON, a Nordic energy advisory firm, has made an independent assessment of the risks and opportunities associated with investing in Greenfield hydropower sites in Georgia in 2007. In addition, seven sites with annual generation capacity of 5 TWh have been selected and pre-investment studies have been prepared by September 2007. The Presentation on new Investment Energy Projects was held on 27 September 2007 in Tbilisi. The
assessments and the pre-investment studies were presented to international investors through a European road-show in November 2007.

Also Ministry of Energy of Georgia negotiates with several interested investors regarding the construction of wind plants in order to effectively use country’s wind potential.
For improving energy efficiency and enhancing the use of renewable energy the following rehabilitation activities were implemented in the energy sector of Georgia:

**Electricity:** The construction of 400 kV power transmission line connecting Georgia and Turkey - was signed MOU between the government of Georgia and Turkey on September 13, 2007. Under the Memorandum the Governments will support the construction of line sections located on the territory of their country. This will provide an opportunity for export surplus electricity generated during summer to Turkey, Iran and Near East and diversify import in Winter.
In the beginning 2007 was decided to build a 400 kV electricity transmission line connecting Georgia and Armenia. The work on this project is ongoing.

The process of rehabilitation of the following hydroelectric power plants is also underway: Vardnili-HPP Cascade (with 220 MW installed capacity), Khrami HPP-2 (with 110 MW installed capacity), Enguri HPP (with 1300 MW installed capacity) and Ilajanuri HPP (with 112 MW installed capacity, HPP is already privatized). In 2007 the feasibility study of Khudoni HPP (with 700 MW projected installed capacity), funded by the World Bank has began. The study will be finished by April 2009. At the same time, the Georgian Government and Georgia-Urban Energy have signed a memorandum on the construction of Paravani hydro power plant (with 78 MW installed capacity) in Samtskhe-Javakheti region in May 2007.

In 2007 the rehabilitation of 1000 kW “Kekhvi” HPP in Samachablo region was completed. In November 2007 the construction of 35 kV power transmission line “Samachablo” (Tkkviavi-Kekhvi) was also finished. The construction of the above mentioned line gives the possibility to solve power supply problem for the villages of Liakhvi.
During 2006-2007 construction of 250 kW “Omarishara” HPP and 300 kW “Mramba” HPP in Kodori Gorge has been completed. New “Sakeni” HPP with additional 1600 kW in village Sakeni, was put into the operation (end of December 2007). The construction of 10kV power transmission line with the length of 50 km for the transmission of generated electricity to the population of the closest villages started in 2007 and is planned to finish in 2008. All these activities will support to reduce existed deficit of electricity in Kodori Gorge.

For the improvement of energy efficiency 18 cities were equipped with individual electric-power meters in 2007; total 121,000 meters were installed (covering 45% of the population in the regions).
**Gas Sector:** At this stage the rehabilitation of gas infrastructure is being implemented within the framework of Millennium Challenge Georgia foundation. Project budget consists of USD 49.5 mln. The project is expected to end by 2008. One of the project components is the rehabilitation of the “North-South Main Gas Pipeline” cost of 44.5 million USD. Gas pipeline starts from the Georgia-Russia frontier and lasts till Georgia-Armenia frontier (221 km). The pipeline guarantees gas supply for Georgia and Armenia. Currently a two-year project “Saguramo-Red Bridge” is being implemented, which provides the rehabilitation of one of the sections of the main pipeline; as a result, the smooth provision of consumers with natural gas supplied from three independent sources will be ensured.

As for the construction of Karadag-Tbilisi new gas pipeline between Georgia and Azerbaijan – it is planned to start the construction of a 30 km section of the pipeline in the nearest future.

**Oil:** Considering the perspective to link oil via Georgian pipeline to Odessa-Brody pipeline, it should be noted that at an energy summit in Krakow on 11 May, 2007, the presidents of Poland, Georgia, Ukraine, Azerbaijan and Lithuania signed a joint communiqué on cooperation in efforts to shore up Europe's energy security and seek alternative routes for the movement of energy resources between states. The leaders reached an agreement on the creation of a new European energy corridor by which energy resources from Caspian Sea basin countries will reach Europe while bypassing Russia.

For the purpose of further development of cooperation within GUAM framework, the Ministry of Energy of Georgia hosted the regional meeting of the representatives of the GUAM Member States on energy related issues on May 14-15, 2007. The participants of the meeting discussed concrete ways of implementation of the pipeline route which undermines transportation of oil from the Caspian Sea region via Baku (Azerbaijan)-Supsa (Georgia) pipeline to Brody (Ukraine) and to Gdansk (Poland), which in its turn is a concrete result of five countries presidential agreement mentioned above. The future creation of the export route will support diversification of energy resources and will raise the level of energy security in the region.

It should be noted that economy and energy related issues of priority importance for the region, were discussed within the framework of GUAM summit held in Baku on June 19, 2007. Particular attention was paid to launching Odessa-Brody-Gdansk oil pipeline. Parties agreed that, working groups will develop specific recommendations by the end of July in relation to the oil pipeline project, which will be discussed at Latvian energy summit.

On October 10, 2007 the agreement among the energy ministries of Azerbaijan, Georgia, Lithuania, Poland and Ukraine on the cooperation in the energy sector was signed. According to agreement, parties agreed to develop further cooperation for creation attractive corridor for the transportation of hydrocarbons from the Caspian sea region to the international markets running through the Republic of Azerbaijan, Georgia, Ukraine and the Republic of Poland.