

FactCheck



Davit Narmania

“The government of the capital city should have solved the street problem a long time ago. They should have announced tenders and rehabilitated the streets but, unfortunately, we cannot see this.”

FactCheck

Davit Narmania, Tbilisi mayoral candidate, touched upon the issue of Tbilisi's streets in his interview with the Public Broadcaster on 5 May 2014 and stated the following: “The government of the capital city has been engaged in a deliberate sabotage regarding the street issue. They should have solved the street problem a long time ago and started working on them as early as January. They should have announced tenders and rehabilitated the streets soon after the winter season, but, unfortunately, we cannot see this.”

FactCheck took interest in this statement and tried to find out what the real situation is in terms of Tbilisi's streets.

Tbilisi's streets were significantly damaged after the winter of 2014. Tbilisi City Council blamed Tbilisi City Hall for delaying the start of street rehabilitation work. Jaba Samushia, Chairman of Tbilisi City Council, told **FactCheck** the following: “The street surfaces are in poor conditions throughout Tbilisi. Despite the fact that the assigned amount in Tbilisi's budget of 2014 for street rehabilitation is equal to GEL 37 million, construction-repair work on the streets has not started yet [as of May] which causes objective discontent in society. The government of the capital city had the relevant funds to implement preliminary street surface repair work. It was delayed artificially. The Acting Mayor of Tbilisi and Tbilisi City Hall wanted to blame Tbilisi City Council for this issue and explain this delay by the absence of a city budget. I want to declare with full responsibility that until 7 March, before the approval of the budget under the conditions of spending one-twelfth of the funds and today when Tbilisi has its own budget, there are enough funds in order to ensure the full rehabilitation of the streets.”

Tbilisi did not have its own city budget at the beginning of 2014. The initial version of the budget was sent to Tbilisi City Council by Tbilisi City Hall in November 2013. The approval of the capital city's budget was delayed for four months. According to the initial version, the city budget was determined at GEL 720 million. The second version of the budget was sent to City Council in December 2013 which amounted to approximately GEL 730 million. The third version of the budget with appropriations amounting to GEL 785 million was sent to City Council by City Hall in January 2014. The fourth version of the budget with appropriations amounting to approximately GEL 850 million was sent to City Council by City Hall in February 2014. The Tbilisi city budget was approved only on 7 March.

Non-governmental organisations have also responded to the issue of Tbilisi's budget. Transparency International Georgia published its report about the non-approval of the Tbilisi city budget which stated that the discussing-approval

	2009	2010	2011	2012	2013
Appropriations assigned for street repair-rehabilitation (GEL)	111,803,900	94,441,800	38,311,200	73,282,000	42,480,700
Cash implementation (GEL)	96,786,600	94,290,800	38,310,500	67,173,100	38,212,300
Number of repaired and reconstructed streets	49	33	57	145	129
Number of potholes in repaired streets	92	269	250	249	237

process of the budget had been taking place for three months amid political discussions and allegations which themselves were halting the processes and ignoring the interests of citizens. Transparency International Georgia considered that the remarks of Tbilisi City Council on the first version of the budget neither created insurmountable obstacles nor constituted the basis for the rejection of the budget. In addition, a possible political motivation for delaying the process was confirmed by the fact that City Council could have presented its remarks on the budget at the first stage and not step-by-step. If it were not possible to present all of the remarks at the first stage, City Council would have had the possibility to make amendments to the Tbilisi city budget. The continued preparation of new remarks concerning the presented budget appeared to be an artificial delay of the process.

As for using one-twelfth of the budget, according to Point 7 of Article 78 of the Budgetary Code of Georgia, in the case of a non-approval of the budget of a local self-governing unit prior to the planned year, the relevant executive body is authorised to issue one-twelfth of the previous budgetary year's appropriations monthly on each priority.

According to the Tbilisi city budget for 2013, the assigned appropriations for transport-

infrastructural development were equal to GEL 122,382,211. Therefore, the monthly assigned amount of funds to be spent on the aforementioned priorities in 2014 was equal to GEL 10,198,517.

Tbilisi City Hall responded to the accusation of Tbilisi City Council. According to the official statement of Tbilisi City Hall, the Tbilisi City Council majority did not approve the Tbilisi city budget for 2014 for four months which halted various projects in the capital. Despite this, according to the statement by Tbilisi City Hall, repair of damaged infrastructure due to severe frost was actively taking place simultaneously on several streets in the capital.

For further information **FactCheck** took interest in the construction-rehabilitation work implemented on Tbilisi streets in previous years and approached Tbilisi City Hall through an official letter to request statistics about construction-rehabilitation work implemented on Tbilisi's streets in the period of 2009-2013 which is presented in the table below:

Appropriations allocated for municipal improvement service for street construction-rehabilitation work from the budget of the Tbilisi self-governing unit in 2014 was equal to GEL 37,313,500. Pavement rehabilitation work was completed on 24 addresses this year (according to data from

May). Among them, three streets were repaired and reconstructed and potholes were repaired on 21 streets. According to the data from May, work was done on 40 streets overall. Among them, reconstruction of street surfaces took place on 14 streets while the number of pothole repaired streets was equal to 26.

According to the statistics, 366 streets were repaired in 2013 (repair and reconstruction of 129 streets and pothole repair of 237 streets). Reconstruction work was implemented on 40 streets during four months while the similar work was completed on 24 streets. Accordingly, 64 streets were rehabilitated during a four-month period. In the corresponding period of the previous year, according to rough calculations (and considering that equal work was implemented in each season), one-third of 366 streets; that is, 122 streets should have been repaired which is approximately twice more than the number of streets repaired in 2014 (64).

In order to find out more about the issue, **FactCheck** requested statistics about the announced tenders for street rehabilitation work in the period of 2011-2014 from Tbilisi City Hall.

According to Tbilisi City Hall, 48 tenders in total were announced for street rehabilitation work last year. As for the first four months of the



Dutch Entrepreneur Brings Sharing Economy to the Georgian Market

Continued from p. 4

current year, four tenders in total were announced for this work. Global House Ltd won two tenders announced on 21 January and signed a contract for the purpose of street repair on the right (contractual value of GEL 212,361,00) and left (contractual value of GEL 123,220,00) banks of Mtkvari River in Tbilisi.

RSP-40 Ltd participated in and won two tenders announced on 8 April for implementing street repair work (pothole repair) on the right (contractual value of GEL 597,210,84) and left (contractual value of GEL 597,210,84) banks of the Mtkvari River in Tbilisi. The contract has already been signed.

FactCheck contacted the companies which won tenders in 2014 and received confirmation that they indeed won. Global Georgia Ltd is implementing pavement maintenance on the right and left banks of the Mtkvari River. The work has been started and is slated to be completed in October-November.

A contract has been signed with RSP-40 Ltd for the purpose of implementing pothole repair work on streets located on the right and left banks of the Mtkvari River. This work has already started.

FactCheck contacted Tbilisi City Hall several times and asked for comment by an authorised person regarding the current situation of Tbilisi's streets. **FactCheck** wanted to find out which period of the year is the most active in terms of street paving in order to make exact comparisons of the data from 2013 and 2014. Despite various attempts, Tbilisi City Hall did not respond to questions posed by **FactCheck**.

they can lower their cost, by renting pieces of equipment or services from and to another company, instead of going to an employment agency. We are only enabling this tool, but it is the companies and each individual as portions of the country's whole economic growth, who are the ones that need to carry this movement forward.

It is a new tool. Doing it in a professional way is very important. The board of directors have to define the policy, whether they are going to use it, how they are going to use it and who within the company is going to be responsible for it. After deciding to rent something out, it is then business as usual. It does not matter if you are sealing a contract with a supplier or just another business. We have service providers in place that can help each individual company, from an insurance point of view. All the deals are confirmed by contracts similar to any other business.

Q. Which business segment can benefit the most from the B2B system?

A. This whole tool is especially beneficial for SMEs. This whole shared economy is aimed at the support of local communities. It is great when people in a town or in a street share their household appliances and other things with each other, instead of buying them new. It is also great when they have solar panels on their roof for example, and it is also good for local businesses, meaning they are less dependent on old structures. From a linear economy towards this circular economy we are going back to more or less old-fashioned values. They are going to collaborate and communicate again. We are going to do it like our grandparents did it, with more personal relationships and social responsibility. What will make sense and what people are prone to realize especially in western countries is that they will not use equipment that is useful only once. People are used to lending something useful from time to time to their neighbours. It is the same in business.

Q. What was the main message that you delivered to Georgian companies during your meeting?

A. ‘You have to do it’ - this is the main message that I want to give to the Georgian companies. Companies simply have to start communicating with the market, putting all of their efforts into its development.

CONCLUSION

According to the information obtained by **FactCheck**, 129 streets were repaired and reconstructed and potholes were repaired on 237 streets in Tbilisi in 2013 which is equal to a total of 366 streets receiving maintenance work.

According to the data from May, rehabilitation work was completed on 24 addresses. Work was being implemented on 40 streets in the month of May. Of these surfaces were repaired and reconstructed on 14 streets and potholes were repaired on 26 streets. Rehabilitation work was being completed on 64 streets.

Due to the fact that **FactCheck** was unable to obtain relevant information from Tbilisi City Hall, we tried to compare the first four months of 2013 and 2014 through calculating the average. If we compare the average data from the first quarters of the previous and current years, logically the rehabilitation work during four months of 2013 was probably implemented on twice as many streets than in the corresponding period in 2014.

Tbilisi City Hall announced 48 tenders regarding street rehabilitation work in 2013 while only four tenders were announced this year (data from May), two in January and two in April. Tbilisi City Hall has announced only four tenders during four months in 2014 while it announced 20 tenders in the corresponding period in the previous year. This equates to five times more. However, it should be noted that the majority of tenders announced in December 2013 were implemented at the beginning of 2014.

The contractual value of tenders announced in 2014 for street rehabilitation work was equal to GEL 1,530,001 in total. In the conditions of one-twelfth of the budget theoretically it was possible to spend GEL 10,198,517 on these priorities. In the case of the non-approval of the budget, City Hall could still have started the street rehabilitation work.

According to the official information and logical assumptions, it is possible to say that the rehabilitation process of Tbilisi's streets in 2014 has deteriorated as compared to the previous year. Tbilisi City Hall blamed the street problems this year on the delay of the approval of the city budget. Tbilisi City Council stated that street repair was possible even under the conditions of spending one-twelfth of the city budget.

According to the information **FactCheck** obtained, we can say that the problem of the delays was caused by an unnecessary controversy between two political parties. The analysed statistics indicate that significantly less work was implemented in the first four months of 2014 than compared to previous years. One of the reasons for this was the non-approval of the city budget by Tbilisi City Council which Davit Narmania did not mention in his statement. As was previously noted, several non-governmental organisations evaluated the non-approval of the Tbilisi city budget by City Council as an artificially delayed process.

According to the research **FactCheck** conducted as well as considering the arguments of two opposing sides, **FactCheck** concludes that Davit Narmania's statement, “The government of the capital city should have solved the street problem a long time ago. They should have announced tenders and rehabilitated the streets but, unfortunately, we cannot see this,” is **HALF TRUE**.

HALF TRUE



EUROPEAN
ENDOWMENT OF DEMOCRACY

G | M | F The German Marshall Fund
of the United States
STRENGTHENING TRANSATLANTIC COOPERATION





Irakli Gharibashvili

“Our government has allocated GEL 400 of aid for each veteran for the 69th anniversary [of the Great Patriotic War] and GEL 200 for each family which lost its breadwinner. You are aware that the state has launched a health-care programme which includes a 100% package for veterans.”



FactCheck

Georgian Prime Minister Irakli Gharibashvili attended an event dedicated to the 69th anniversary of the victory over fascism on 9 May 2014 and marked Victory Day with veterans of the Great Patriotic War. During his speech, Gharibashvili focused upon the state's obligations towards veterans and talked about the social programmes being implemented by the government. According to him, the government has allocated GEL 400 of aid for each veteran and GEL 200 of aid for each family which lost its breadwinner. Gharibashvili also emphasised the importance of improving health-care for veterans and stated that the newly-launched State Universal Health-care Programme fully covers the costs of medical services for Georgia's veterans.

FactCheck took interest in the Prime Minister's statement and checked its accuracy.

The Law on War and Military Forces Veterans defines the legal and economic basis of war veteran's social security in Georgia. Article 6 of the Law defines four main categories of war and military forces veterans living in Georgia: 1) World War II veterans and individuals with equal status; 2) Veterans fighting for Georgia's territorial integrity, freedom and independence and individuals with equal status; 3) Veterans of military operations on the territory of other states and individuals with equal status and 4) Veterans of the armed forces.

The Prime Minister's statement about granting GEL 400 of aid to an individual veteran applies only to the first category of the abovementioned veterans; namely, World War II veterans.

Of note is the establishment of the Department of Veteran Affairs which was set up in Georgia in 1997 as a part of a cooperation programme with NATO. The Department fell under the jurisdiction of the Ministry of Defence in 2011 and became a structural subdivision of the Joint Staff of the Georgian Armed Forces.

Later, the subdivision was established as an independent structural unit in the form of the State Department of Veteran Affairs based upon the initiative of the Ministry of Defense and the Government's Resolution N102 of 23 January 2013. The main functions of the State Department of Veteran Affairs are facilitating the psycho-social rehabilitation of war and military forces veterans and working to solve their social problems.

The State Department of Veteran Affairs told **FactCheck** that it developed a project to allocate one-time social aid to World War II veterans and individuals who lost breadwinners in the Great Patriotic War in order to mark the 69th anniversary of the victory over fascism. A one-time social assistance payment of GEL 400 was given to participants of World War II and a one-time social assistance payment of GEL 200 was given to those who lost breadwinners in the Great Patriotic War as a part of the aforementioned project and the Government's Resolution N289 of 14 April 2014 in order to mark the 9 May anniversary.

According to the same Resolution, Tbilisi City Council was responsible for organizing the granting of one-time monetary social assistance to those veterans and individuals residing in Tbilisi who lost their breadwinners in the Great Patriotic War while the Social Services Agency was responsible for the same task in Georgia's regions based upon the list provided by the State Department of Veteran Affairs. As a result, 1,477 World War II veterans and 521 individuals who lost their breadwinners in the Great Patriotic War received the one-time monetary social assistance under the project. The total amount transferred by the Social Services Agency to the personal bank accounts of these individuals amounted to GEL 695,000. Tbilisi City Council allocated GEL 31,400 in total as one-time social assistance payments to 116 individuals who lost their breadwinners in the Great Patriotic War and 727 World War II veterans.

World War II veterans and individuals who lost their breadwinners in the Great Patriotic War were able to receive their monetary social assistance at branches of Liberty Bank.

Unlike these one-time monetary social assistance payments as described above, the State Universal Health-care Programme mentioned in the second part of the Prime Minister's statement can be generalised for the four categories of veterans.

Prior to the implementation of the State Universal Health-care Programme, there was no official state insurance programme dedicated to veterans in Georgia. The State Universal Health-care Programme implemented from 28 February 2013 was applied step-by-step to those citizens who were not using a health-care package as of this date with war and military forces veterans falling among these individuals. They have been fully involved in the State Universal Health-care Programme since 15 July 2013. The Government's Resolution N178 of 15 July 2013 defined the obligation that necessary financial support for the availability of medical services for Georgia's veterans be covered by the State Universal Health-care Programme.

The Department of Veteran Affairs (later the State Service of Veteran Affairs) of the Joint Staff of the Armed Forces of Georgia was responsible for providing monthly information to the Social Services Agency about the number of war and military forces veterans listed in Georgia.

Until July 2013, the only state health care package that applied to war and military forces veterans of retirement age and based upon the age credential was the medical insurance package adopted by the Government's Resolution N165 of 2012 which covered pre-school-aged children, retirement-aged citizens (men aged 65 years and older and women aged 60 years and older), children with disabilities and individuals with severe disabilities. According to the Government's Resolution N396 of 31 December 2013, veterans of retirement age will also use the insurance package covered by the State Universal Health-care Programme after the enactment of veteran official bond insurance under the state programme.

Since 1 July 2013, the medical services package under the Universal Health-care Programme has significantly increased for its users. The insurance programme combines

70%, 80% and 100% insurance packages according to different types of medical services and different categories of users. According to the data of the Ministry of Labour, Health and Social Affairs of Georgia, the state programme fully covers the costs of every type of medical service provided by the insurance programme for war and military forces veterans. These include:

Emergency ambulance service,

Routine dispensary service based upon the request of a family doctor,

Various instrumental laboratory and clinical examinations at the dispensary level,

Surveillance of incurable patients and patients with diabetes,

Assessment of health status and risk factors and also disease preventive measures,

Home service upon the request of medical needs of the patient (within the scope of competence),

Emergency inpatient services.

Additionally, the insurance programme includes a wide range of routine surgical operations within the amount of a GEL 15,000 annual limit as well as the full funding for cardiac surgery (including day care).

Of note is that the State Universal Health-care Programme for veterans does not cover the costs of the following medical services: treatment of viral hepatitis, planned hospital activities of a therapeutic profile, medical services rendered abroad, organ transplantation, and sanatorium and resort treatment costs. Of particular note is the fact that the state programme covers the costs of limited drug treatment for veterans. Herein, drug costs will be paid only in the case of a co-payment of GEL 50 annually and 50% by the recipient.

The Ministry of Labor, Health and Social Affairs indicates that a sub-program supporting veteran rehabilitation is in existence based upon the Government's Resolution N291 of 14 April 2014. This sub-programme applies to war and military forces veterans without official bond. Only a person with disabilities or an elderly war veteran (men from the age of 65 years and women from the age of 60 years) can use the following types of services annually within a GEL 250 limit: consultation with a doctor, physiotherapy and laboratory-instrumental examinations, medical training and manual therapy procedures.

CONCLUSION

After looking into Prime Minister Irakli Gharibashvili's statement, we found out that the government has allocated one-time social assistance payments of GEL 400 for veterans and one-time social assistance payments of GEL 200 for vulnerable families in order to mark the 69th anniversary of the victory over fascism. With the coordination of Tbilisi City Council and the Social Services Agency of Georgia, 2,204 World War II veterans and 637 individuals who lost their breadwinners in the Great Patriotic War received the one-time monetary social assistance across Georgia.

FactCheck also found out that there was no insurance of an official character for war and military forces veterans registered in Georgia. The State Universal Health Care Programme implemented in 2013 covered every category of war and military forces veterans registered in Georgia since 15 July 2013 with official bonds. The costs of medical services under this package will be fully covered by the state.

Despite the fact that the insurance package did not include the coverage of certain types of medical services such as the full purchase of medicines, the funding of viral hepatitis treatment and organ transplantation, the State Universal Health-care Programme, unlike other categories of beneficiaries of the insurance package, covers 100% of the costs of every medical service included in the insurance package for war and military forces veterans without a co-payment by the beneficiary.

FactCheck concludes that the statement by Irakli Gharibashvili, “Our government has allocated GEL 400 of aid for each veteran for the 69th anniversary [of the Great Patriotic War] and GEL 200 for each family which lost its breadwinner. You are aware that the state has launched a health-care programme which includes a 100% package for veterans,” is **TRUE**.

TRUE



EUROPEAN
ENDOWMENT OF DEMOCRACY

G | M | F The German Marshall Fund
of the United States
STRENGTHENING TRANSATLANTIC COOPERATION