

**PUBLIC PROCUREMENT DURING  
THE STATE OF EMERGENCY:  
BASIC DATA ANALYSIS AND CORRUPTION RISKS**

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# I. KEY FINDINGS AND RECOMMENDATIONS

**1,495 public tenders worth a total of GEL 557 million were announced during the state of emergency. Only one bidder participated in more than half of the tenders.** Compared to the same period in 2019, the number of tenders announced has almost halved, competition has also decreased.

**11,316 contracts worth a total of GEL 127.2 million were signed through simplified procedures during the state of emergency.** Of this amount, GEL 57 million was spent based on urgent needs and GEL 29.2 million was spent on smooth implementation of events of state and public importance for a limited period of time. The law allows the use of these grounds for simplified procurement, but frequent use of these grounds and suppliers' affiliation with the ruling party remains a problem.

**Companies linked with Georgian Dream's and Salome Zurbashvili's donors of different years received contracts worth at least GEL 45 million through direct procurement during the state of emergency, which is 35% of the total amount spent through simplified procedures during that period;**

**21 specific public procurement cases discussed in the study indicate a link between the ruling party's donors and the contracts won.** Among them, there were several cases when the contract was signed with the supplier within a few days after the donation.

**The Government Administration, the State Security Service, the Ministry of Internal Affairs, and some agencies subordinated to this Ministry do not publish their simplified procurement contracts.** Therefore, it is likely that more money will be spent through simplified procedures, but information about them is not transparent, which complicates the analysis and monitoring of corruption risks. This problem was relevant even before the state of emergency.

**Most of the money - GEL 24.4 million - was spent on healthcare goods and services through simplified procurement.** Then comes the purchase of hotel services for GEL 23.6 million.

## Recommendations

- The State Audit Office should pay even more attention to the issue of identifying high-risk donations of the ruling party from the owners of the winning companies in tenders and simplified procurements;
- The Public Procurement Agency should pay more attention to the issue of publicizing simplified procurement contracts. There should be no "hidden contracts" other than procurement related to the state secret;
- The approval process of simplified procurement from the Public Procurement Agency should be tightened;
- When using simplified procurement, a procurer shall be required to substantiate and disclose information on what basis it has selected the supplier;
- The Anti-Corruption Department of the State Security Service should study public procurement contracts containing suspicious circumstances.

## II. INTRODUCTION

On February 26, 2020, the first case of COVID-19 infection was confirmed in Georgia. In the following days, the number of confirmed cases of the infection increased, that is why the Government of Georgia (GoG) decided to impose restrictions. On March 21, the President of Georgia declared a state of emergency.<sup>1</sup> On the same day, the Parliament approved the Presidential Order and the №1 Decree of the President of Georgia of March 21, 2020 “on the measures to be taken in connection with the declaration of a state of emergency on the entire territory of Georgia.” The state of emergency has also affected public procurement. There was an urgent need to purchase certain goods and services. In case of urgent necessity, a procurer has the right to use the simplified (direct) procurement procedure. At the same time, due to the expected economic crisis, the need to purchase certain goods and services has been reconsidered, as the state budget revenues have decreased and, at the same time, unforeseen expenses have increased significantly.

Transparency International Georgia studied public procurements made during the state of emergency (March 21 to May 22, 2020). The purpose of the study was to determine whether the risks of corruption in a force majeure situation had increased and on what the large funds had been spent.

The study looked at simplified purchases made during the state of emergency, the contract value of which is more than GEL 20,000, as well as public tenders worth more than GEL 100,000.

In addition to analyzing the overall picture of simplified procurement and public tenders, the study considered 21 procurement cases separately, where contracts were given to ruling party donors.

### 1. SIMPLIFIED PROCUREMENT

From March 21 to May 22, 2020, 11,316 contracts worth a total of GEL 127.2 million were signed through simplified public procurement. Of these, 9,797 were contracts where the value of the goods or services to be procured did not exceed GEL 5,000.<sup>2</sup> A total of GEL 9 million was spent on procurements valued at less than GEL 5,000, which is 7% of the simplified procurements made during the state of emergency.

More than a total of GEL 127.2 million was allegedly spent through simplified public procurement during the state of emergency. This figure is an approximate estimate due to the fact that some government agencies do not publish contracts in the electronic public procurement system. In this regard, the Administration of the Government of Georgia, the State Security Service, the Ministry of Internal Affairs (MIA) and some

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1 <http://www.parliament.ge/ge/ajax/downloadFile/135879/sruli>

2 According to the Law of Georgia on Public Procurement, there is no need to conduct a public tender for the procurement of uniform objects worth up to GEL 5,000.

agencies subordinated to the MIA are especially noteworthy. Since 2015, Transparency International Georgia has repeatedly addressed this issue to the Public Procurement Agency, but this problem has not been solved for several years. At the end of 2019, the simplified procurements made by the MIA from 2015 to October 2019 appeared in the system, however, after October 18, the publication was stopped again, therefore, this issue remains a problem.

## **1.1. GROUNDS FOR SIMPLIFIED PUBLIC PROCUREMENT**

Procurer organizations often cited the need for urgency as the basis for using direct purchases. Up to GEL 57 million - almost 45% of the total expenditure - was spent on urgent needs. GEL 23.6 million was spent for the use of the hotel as a quarantine space, where the need for simplified procurement was named as an urgent need.

During the state of emergency, the reference to the smooth conduct of the events of high state and public importance in a limited period of time as a basis for simplified procurement has significantly increased. Such procurements are carried out by issuing legal acts of the GoG or the governments of the Autonomous Republics. GEL 29.2 million was spent on this basis, which is 23% of the amount spent through simplified procurement during the state of emergency. In 2019, a similar figure was 6%. Such an increase was due to the purchase of health care services and pharmaceutical products on this basis. Food purchases have also increased.

In many cases, the reason for the smooth conduct of the events of high state and public importance in a limited period of time was found in the contracts concluded for the implementation of construction works, which, in our opinion, is largely due to improper planning or ungrounded reasons. For example, on March 4, 2020, the *Tbilisi Development Fund* received approval from the Public Procurement Agency for simplified procurements of GEL 8 million for the rehabilitation of Gudiashvili Square and the surrounding area. The basis of the procurement was the smooth conduct of the events of high state and public importance in a limited period of time. Tbilisi Development Fund received a permit for 44 procurement categories, some of which are not related to construction works. Tbilisi Development Fund signed a GEL 3.2 million contract with Anagi LLC within this approval. The rest of the amount has not been distributed yet.

**Figure 1. Simplified public procurement during the state of emergency, by grounds for procurement, GEL million**



**Data source:** Electronic system of public procurement

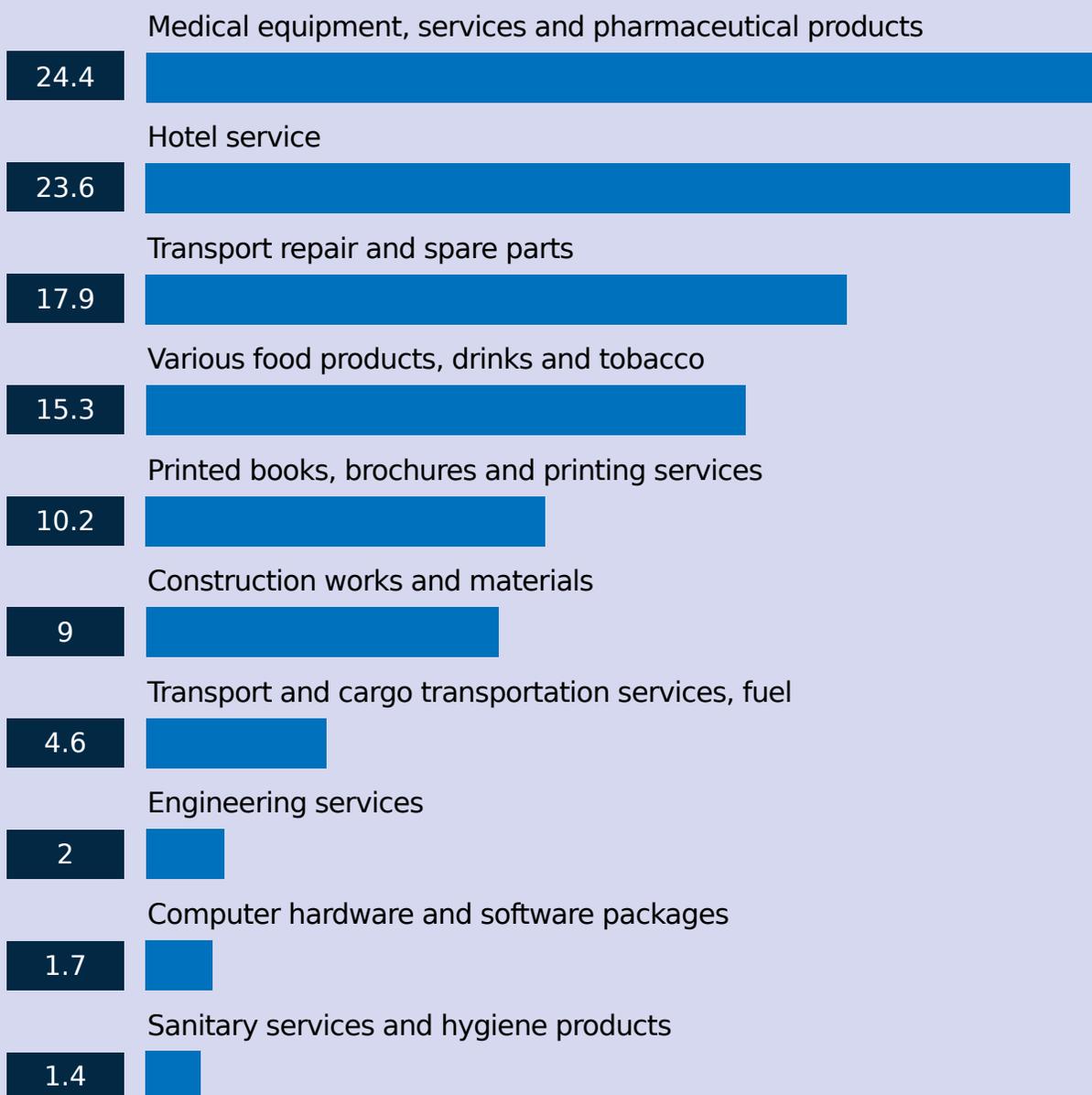
## 1.2. LARGEST EXPENSES MADE THROUGH SIMPLIFIED PUBLIC PROCUREMENT

During the state of emergency the largest amount of money - **GEL 24.4 million** - was spent on healthcare goods and services (medical equipment, services and pharmaceuticals) through simplified procurement. Next largest procurement categories were the purchase of hotel services for **GEL 23.6 million**, food and beverages for **GEL 15.3 million**, and sanitary services and hygiene products for **GEL 1.4 million**.

Renting of hotels for quarantine space was done in such a way that there were no specific selection criteria. The general requirements that should have been met by hotels included: location (priority was given to accommodation facilities near airports and border checkpoints; also facilities located close to densely populated areas) and ventilation system (hotel rooms should have central and / or individual heating / cooling systems, which does not provide for air circulation between rooms). Renting of hotels started before the state of emergency was declared. When declaring hotels as quarantine areas before declaring the state of emergency, the value of the hotel

room was negotiated each time. From March 21, 2020, during booking new hotels as quarantine spaces, a single tariff - **a maximum cost of 100 GEL per room** - was set for all hotels.<sup>3</sup>

**Figure 2. 10 largest categories of simplified public procurement during the state of emergency, GEL million**



**Data source:** Electronic system of public procurement

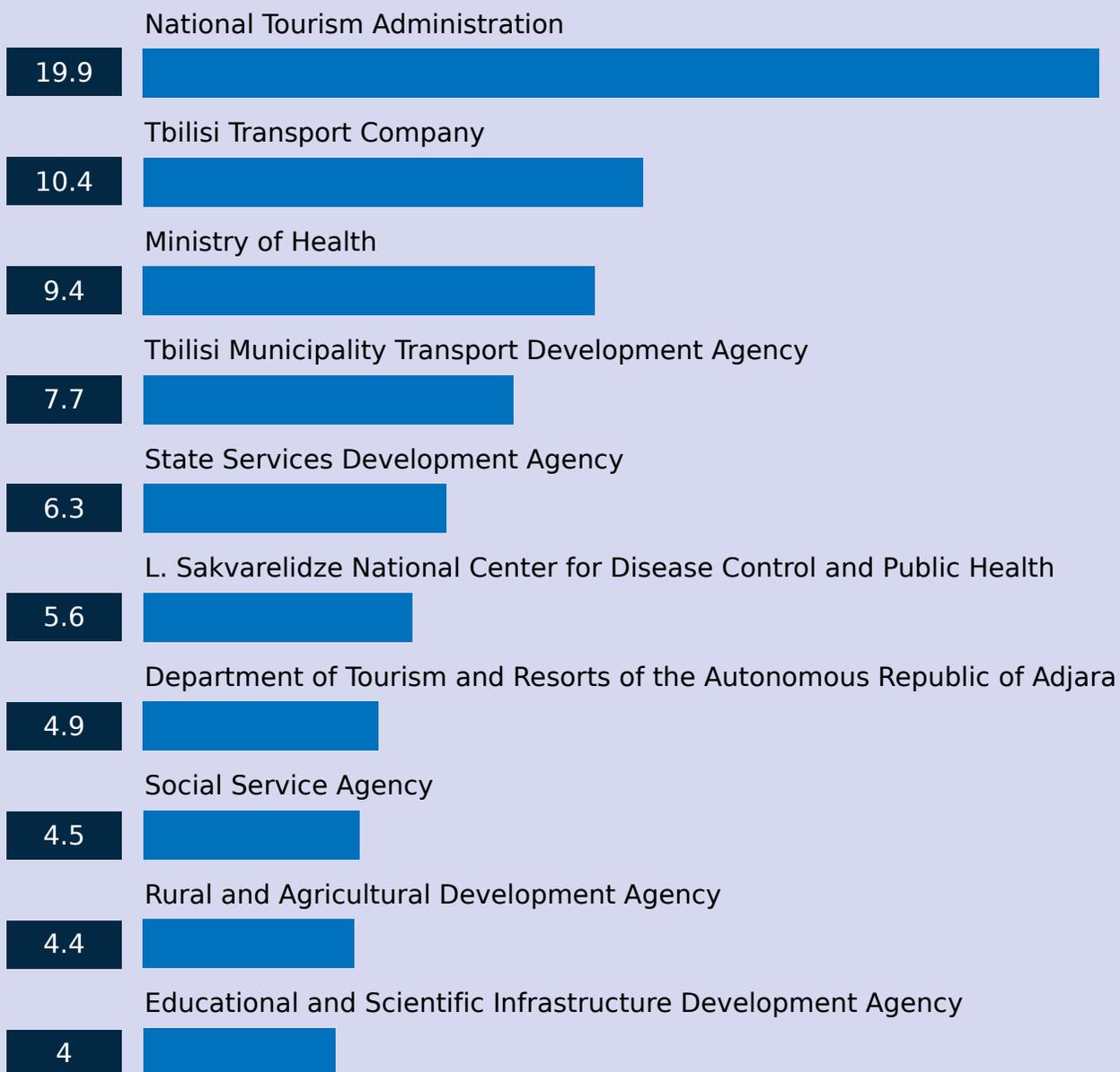
<sup>3</sup> Resolution №290 of May 4, 2020 of the Government of Georgia: <https://bit.ly/2BUuJhE>

### 1.3. PROCURER ORGANIZATIONS THAT SPENT THE MOST THROUGH SIMPLIFIED PUBLIC PROCUREMENT

During March 21 – May 22, the *National Tourism Administration* spent the largest amount – GEL 19.9 million – through simplified public procurement, including GEL 18 million – for renting hotels, GEL 855,000 – for medical equipment and GEL 800,000 – for road transport services. The *Department of Tourism and Resorts of the Autonomous Republic of Adjara* has spent GEL 4.9 million, including GEL 4.4 million – on renting hotels. For comparison, throughout 2019, the National Tourism Administration spent up to GEL 14 million through simplified procurement, while the Department of Tourism and Resorts of the Autonomous Republic of Adjara spent up to GEL 2.2 million.

During the state of emergency, the Ministry of Health spent GEL 9.4 million through simplified procurement. More specifically, up to GEL 8.2 million was spent on medical equipment and GEL 1 million – on pharmaceutical products. GEL 190,000 was spent on air transport services. For comparison, the Ministry of Health spent GEL 2.5 million through simplified procurement throughout 2019, which is almost 4 times less than the amount spent during the 2 months of the state of emergency.

**Figure 3. Agencies that spent the most money through simplified public procurement during the state of emergency, GEL million**



**Data source:** Electronic system of public procurement

## 2. PUBLIC TENDERS

From March 21 to May 22, 2020, 1,495 public tenders were announced, of which 328 tenders were suspended, did not take place or have already ended with negative results. The total value of the tenders is GEL 557 million.

Procurers mainly chose public tenders without auctions (NAT). There are 1,097 tenders of this type of procurement with a total value of GEL 481 million. The bid

price is submitted only once in the tender without auction during the main time of e-commerce and the price reduction is not allowed in additional rounds of bidding. This type of procurement has been in place since 2016 with the aim of preventing significant price reductions in additional rounds so that price reductions do not occur at the expense of deteriorating the quality of goods and services delivered.

## 2.1. LARGEST PUBLIC TENDER CATEGORIES

If we compare the number of public tenders announced in the 2-month period of the state of emergency with the average monthly rate for 2019, we will see a clear decrease. In March, April and May 2019, an average of 2,800 public tenders were announced per month, which is almost twice the average monthly rate of the state of emergency period. However, if we take contract values, the difference is relatively small (15%) - in 2019, tenders with an average total value of GEL 330 million were announced per month, while the total value of tenders announced during the current study period was up to GEL 280 million.

Although the number of tenders halved, the total value of tenders decreased only by 15% due to an increase in construction procurement. In general, with rare exceptions, the largest amounts of public procurement are spent on construction works.

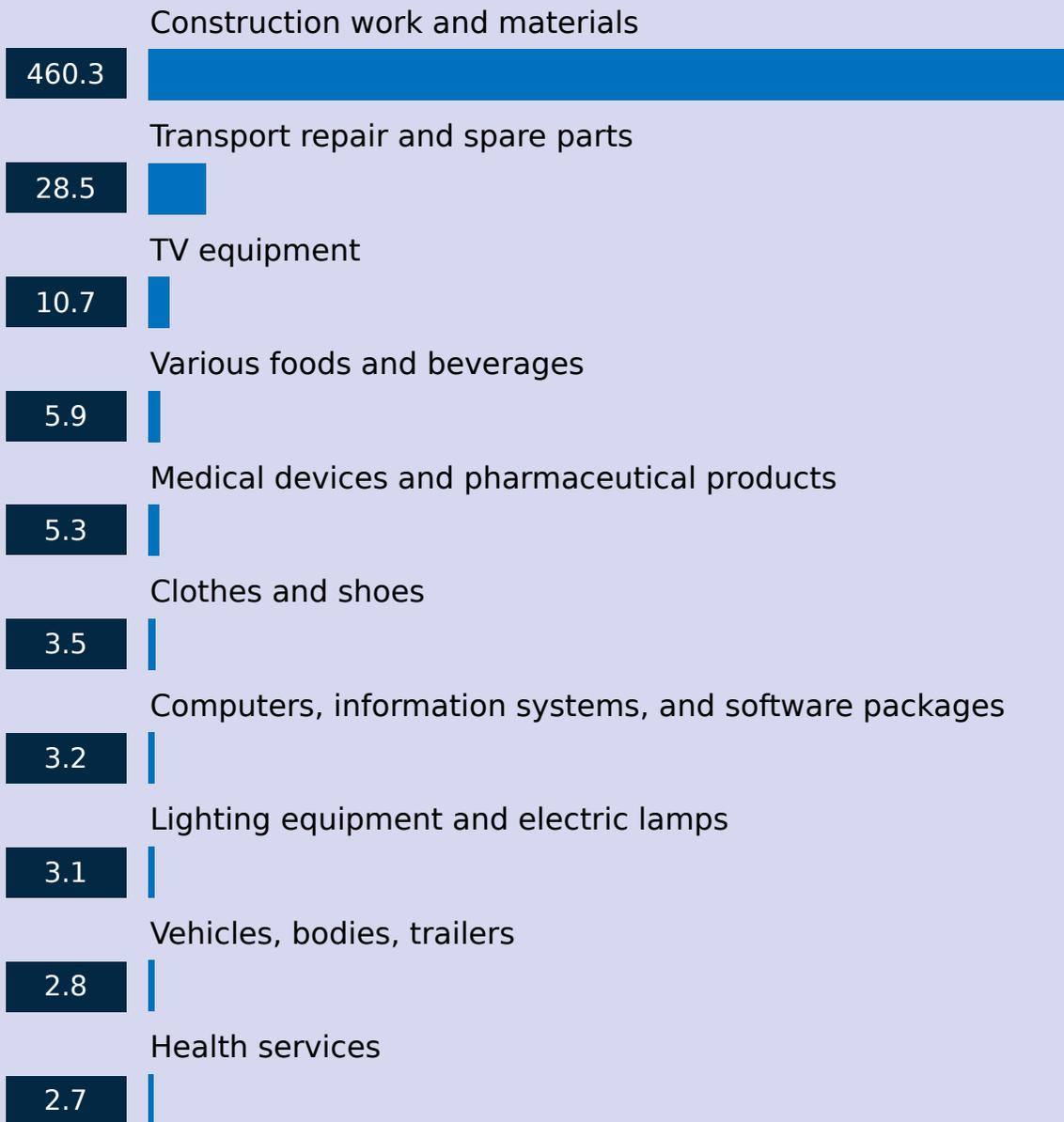
During the state of emergency, 266 public tenders worth GEL 460 million were announced for the procurement of construction works, which is 83% of the total value of all tenders. The decision to speed up construction works seems to be taken to boost economic activity. Unlike other economic activities, construction has stalled for a shorter period of time.

After the construction works, the next largest tenders - GEL 28.5 million - were announced for the purchase of transport repair services and spare parts.

The *Public Broadcaster* announced two tenders worth GEL 10.7 million for the purchase of TV equipment. One of the tenders failed, and in the other tender worth up to GEL 7.9 million, the winner has not yet been identified.

The tenders in total worth GEL 11.5 million were announced for the purchase of health services, special clothing and medical equipment, and pharmaceutical products.

**Figure 4. 10 largest categories of public tenders announced during the state of emergency, GEL million**



**Data source:** Electronic system of public procurement

During the state of emergency, *Tbilisi City Hall* has announced the largest public tenders valued at a total of GEL 108.5 million. The 10 largest procurers also included the agencies subordinated to Tbilisi City Hall: *Tbilisi Development Fund*, *Tbilisi Transport Company* and *Tbilisi Municipality Transport Development Agency*. **The City Hall and its subordinate agencies jointly announced tenders worth GEL 189 million, which is 34% of the total value of tenders announced during the state of emergency.**

The largest procurers after Tbilisi City Hall are the *Ministry of Regional Development and Infrastructure* and its subordinate agencies (*Municipal Development Fund* and *United Water Supply Company*), which have announced tenders for a total of GEL 86 million.

**Figure 5. Agencies that spent the most money through public tenders during the state of emergency, GEL million**

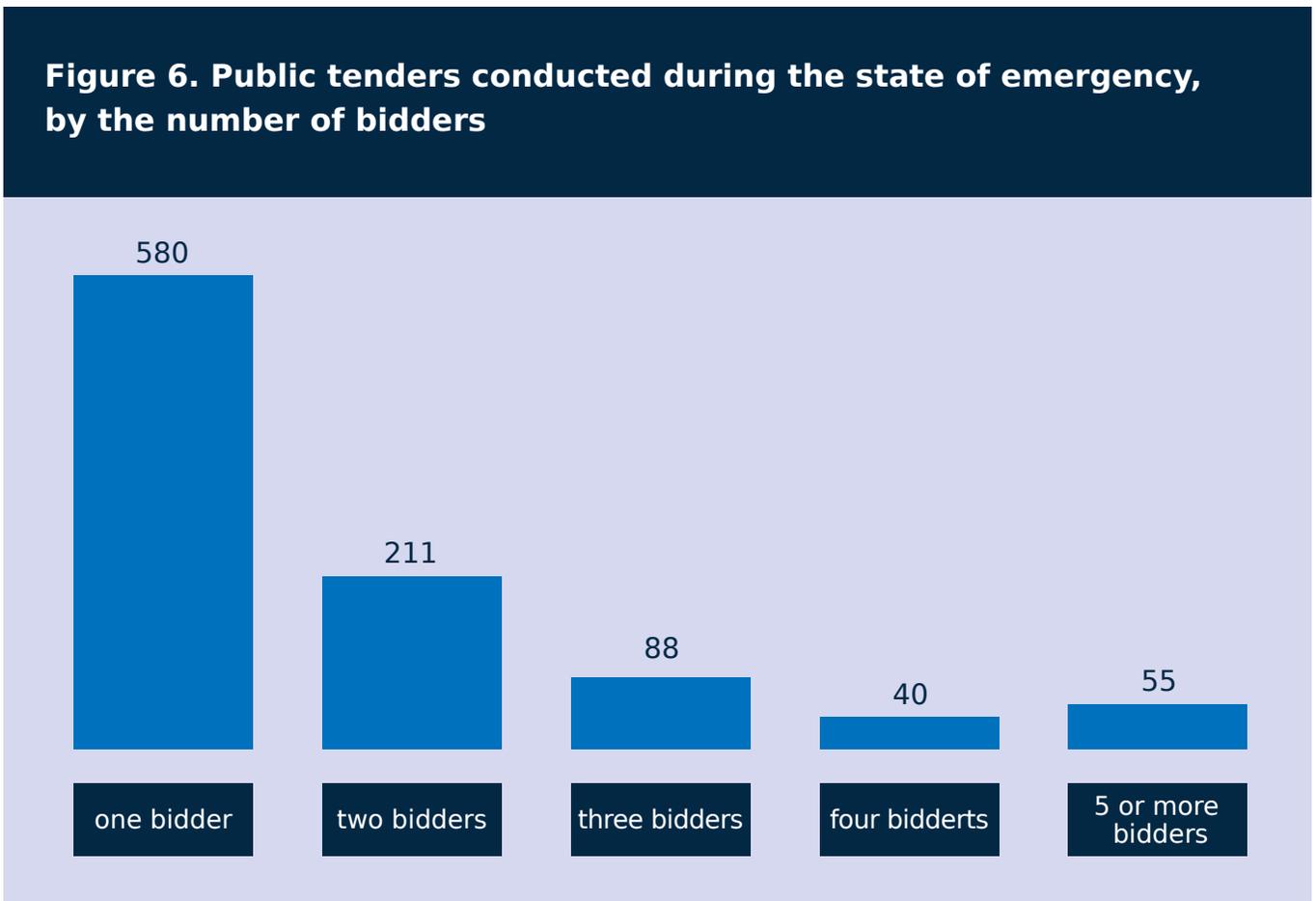


**Data source:** Electronic system of public procurement

## 2.2. COMPETITION IN PUBLIC TENDERS

Of the public tenders announced during the state of emergency, 974 have already been completed or bids have been made, of which only one bidder has participated in 580 tenders. Out of these 580 tenders, up to 400 tenders have already announced winners, with the rest in the decision-making process. It turns out that every second tender was held without competition. An average of 1.8 bidders participated per tender. According to the 2019 report<sup>4</sup> of the Public Procurement Agency, the average number of bidders per tender was 2.05. Therefore, the competition was reduced during the state of emergency.

A total of GEL 235 million was distributed through public tenders in which only one bidder participated, which is 54% of the total value of all tenders. GEL 137 million was distributed through two-participant tenders. Overall, 85% of the total amount was spent on tenders with one or two bidders.



**Data source:** Electronic system of public procurement

4 The 2019 report of the Public Procurement Agency: <https://bit.ly/38b1nEB>

### III. CASES OF HIGH CORRUPTION RISKS

In the study, we singled out the procurements that attracted attention due to various dubious circumstances. These circumstances are mainly related to the participation of the donors of the ruling party and its presidential candidate, Salome Zurbashvili, in public procurement. From the contracts we studied, it was revealed that 25 companies affiliated with **the Georgian Dream donors received a total of 68 contracts worth up to GEL 45 million through simplified procurement during the state of emergency (Appendix 1). This is 35% of the total amount spent through direct procurement during this period.** The owners of these 25 companies donated a total of more than GEL 2.3 million to the Georgian Dream and its presidential candidate in 2016-2020.

#### **Kvareli Eden LLC**

On March 20 and 23, 2020, the owners and directors of Kvareli Eden LLC donated a total of GEL 65,000 to the ruling Georgian Dream party and within a few days this company got a contract worth GEL 277,300 through a simplified procurement from the Georgian National Tourism Administration.

The hotel has also signed simplified public procurement contracts worth GEL 400,000 in 2013 and 2019, although it has received a maximum of GEL 76,000 under one contract so far.

**Alexander Maghradze**, Director of Kvareli Eden LLC, donated GEL 5,000 to the Georgian Dream on March 20, 2020. **Zimo LLC**, a 50% shareholder of Kvareli Eden LLC., is a donor of the Georgian Dream too. In September 2019, Zimo contributed GEL 100,000 to the Georgian Dream. The owners of Zimo have also donated money for the Georgian Dream in various years:

- **Zurab Kiknadze**, director and shareholder of Zimo LLC, donated GEL 25,000 on March 20, 2020, and GEL 60,000 - in May 2019.
- **Ilia Kavtaradze**, another co-owner of the company, donated a total of GEL 13,000 on March 20 and 23, 2020.
- **Levan Marshania**, another shareholder, donated GEL 5,000 on March 23, 2020.
- **Gia Urotadze**, another shareholder, donated GEL 17,000 on March 20 and 23, 2020. Moreover, in March 2019, he also donated GEL 10,000.

In 2019-2020, persons related to Kvareli Eden LLC donated a total of GEL 235,000 to the Georgian Dream. As for Zimo LLC, in 2012-2019, the company got 49 simplified public procurement contracts worth GEL 19 million.

Zimo LLC actively participated in the relocation of Bidzina Ivanishvili's trees, and fulfilled its obligations under public procurement with delays. In 2013-2017, 65

amendments were made in 16 public procurement contracts signed between budgetary organizations and Zimo.<sup>5</sup>

### **Bakuriani Inn LLC, Renaissance Construction LLC, Hotel Gudauri Inn LLC, Hotel Iveria Inn LLC**

*The National Tourism Administration of Georgia* signed a simplified public procurement contract worth GEL 675,740 on March 21 and GEL 257,072 on May 19, for the use of the hotel of Bakuriani Inn LLC as a quarantine space. In total, the company received GEL 932,812 through simplified public procurement.

On March 3 and May 12, Hotel Iveria Inn received two contracts worth GEL 1.9 million through simplified public procurement from the *National Tourism Administration*.

On March 25, Renaissance Construction LLC received a contract worth GEL 88.740 through direct procurement from the same procurer.

Moreover, on March 13 and on May 12, the *National Tourism Administration* signed a GEL 700,620 and GEL 176,246 simplified public procurement contracts with Hotel Gudauri Inn LLC for the use of the hotel as a quarantine space. In total, the company received GEL 876,866 through simplified public procurement.

These four hotels are connected by the fact that **Paata Kokaia** owns a certain share in all four. Kokaia donated GEL 55,000 to Salome Zurabishvili in October 2018.

During the state of emergency, the hotels owned by Paata Kokaia received public contracts worth a total of GEL 3.8 million.

### **JSC T&R Distribution**

**State Food Supply**, a state-owned LLC, purchased cigarettes worth up to GEL 200,000 from JSC T&R Distribution through simplified procurement. The contracts were signed on April 1 and 23. In 2015-2020, the company has received 15 contracts worth a total of GEL 875,000 GEL through direct public procurement.

In 2016-2017, **Raphiel Suramelashvili**, the Chairman of the Supervisory Board of T&R Distribution, donated GEL 105,000 to the Georgian Dream. **Nika Zautashvili**, a member of the Supervisory Board of this company, donated a total of GEL 130,000 to the ruling party and Salome Zurabishvili. **Zurab Aghniashvili**, another member of the Supervisory Board of the company, donated a total of GEL 145,000 to the same subjects in various years. Moreover, the company T&R Distribution donated GEL 115,000 to the Georgian Dream in its own name in 2016-2017. Therefore, this company and all its affiliates together have donated a total of GEL 495,000 to the Georgian Dream and Salome Zurabishvili.

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5 <https://batumelebi.netgazeti.ge/news/79135/>

## GT Group LLC

During the state of emergency, 13 direct public procurement contracts, with a total value of more than GEL 10 million, were signed with GT Group. The most important of these is the € 3 million contract signed by *Tbilisi Transport Group* and GT Group for the bus repair and maintenance. Prerequisite for simplified procurement was the delivery of 220 buses in 2019 worth GEL 65 million to Tbilisi City Hall. According to the information mentioned in the contract, € 3 million will be spent on the service of the mentioned buses. In general, the Law on Public Procurement allows exceptions, based on the guarantee of maintaining the quality of goods and services, to use direct procurement and receive services from the company from which a procurer purchased the main goods. In this case, the buses were the main goods.

In addition to the simplified procurement contracts, GT Group won one tender worth GEL 1.3 million announced by *Marneuli Municipality* during the study period. The company had only one competitor in this tender - Asia Service LLC., which offered a lower price, but the tender commission disqualified it due to the flaws in technical documentation and finally signed a contract with GT Group.

**Levan Gogsadze**, the Director General of GT Group LLC, donated GEL 38,000 to the Georgian Dream in 2016. The owner of the company, **Giorgi Gvelesiani**, donated a total of GEL 120,000 to the same Georgian Dream in 2016-2018.

Prior to 2020, simplified public procurement contracts worth up to GEL 3.5 million have been signed with the company, and GT Group has received more than GEL 100 million through public tenders.

## Mziuri LLC and Alfa LLC

The *Rural and Agricultural Development Agency* has signed simplified public procurement contracts worth USD 4,232,800 with Mziuri LLC and Alfa LLC. The contract with Mziuri LLC was worth USD 1,424,400 (GEL 4,531,444) for the purchase of 1.5 million liters of oil from Russian Federation, and the contract with Alfa LLC was worth USD 2,808,400 (GEL 8,934,363) for the purchase of 5,000 tonnes of sugar and 400 tonnes of noodles from Russian Federation and Belarus.

Mziuri LLC did not have much experience in public procurement before receiving this contract - it has not participated in any public tenders and has signed only 13 small simplified public procurement contracts since 2012.

**Shota Basilashvili**, the Director of Mziuri, and **Dimitri Ramishvili**, a member of the Supervisory Board of the company, donated the same amount to the Georgian Dream almost at the same time. On December 13, 2018, each of them donated GEL 30,000 to Salome Zurabishvili, and on September 11-12, 2017, each of them donated GEL 50,000 to the Georgian Dream.

**Alfa LLC**, the second company selected through simplified procurement, donated GEL 120,000 to the Georgian Dream in 2016. Similar to Mziuri LLC, Alfa LLC does not have much experience in public procurement - in 2014-2019, it had four small simplified public procurement contracts.

### **Lochini LLC**

On March 31, 2020, the *Ministry of Regional Development and Infrastructure* signed a GEL 750,000 contract with Lochini LLC through direct procurement. **Avtandil Natsvlishvili**, the owner of 33% of the company, is a donor of the Georgian Dream. In September 2017, he donated GEL 10,000 GEL to the ruling party.

Lochini LLC signed 3 contracts worth GEL 1.2 million through simplified procurement in 2017-2020. In 2012-2020, it received more than GEL 13 million from public tenders. The company mainly wins tenders announced by the *Roads Department* of the Ministry of Regional Development and Infrastructure.

### **ABM LLC**

During the state of emergency, ABM LLC received 5 contracts worth GEL 3.1 million through simplified procurement, including the contract with the highest value - GEL 2,867,200 on May 18 from *L. Sakvarelidze National Center for Disease Control and Public Health*. According to the agreement, the company must provide the necessary diagnostic kits and reagents for COVID-19.

On April 8, *Levan Samkharauli National Forensics Bureau* signed a GEL 200,300 simplified procurement contract with ABM LLC for the purchase of laboratory reagents.

In August 2016, **Alexander Khetereli**, the Director of ABM LLC., donated GEL 60,000 to the Georgian Dream.

In 2014-2020, a total of 162 contracts worth GEL 8 million were signed with ABM LLC through simplified procurement. During the same period, the company has won public tenders worth up to GEL 4 million, most of them without competition.

### **Geostar LLC**

On May 7, the *Ministry of Defense* signed a GEL 110,000 simplified public procurement contract with Geostar LLC, one of the owners of which, **Archil Maziashvili**, donated GEL 55,000 to the Georgian Dream in 2016. Prior to the signing of the contract, the company had received direct contracts worth up to GEL 29,000. The company has won a public tender (worth GEL 78,000) once, in 2018.

In addition, this case is also interesting because this contract (CMR200066091) for the purchase of shaving equipment can no longer be found in the electronic public procurement system.

## **Kvareli Palace LLC**

The *National Tourism Administration of Georgia* signed a GEL 224,440 simplified public procurement contract with Kvareli Palace Hotel on March 30. The hotel is owned by Agro-Development LLC., one of the owners of which, **Ivane Nikolaishvili**, donated GEL 40,000 to the Georgian Dream in August 2016.

Prior to the contract, in 2019-2020, Kvareli Palace had received simplified public procurement contracts worth up to GEL 63,000.

## **Giorgi - 94 LLC**

On April 13 and May 6 of the current year, the state-owned State Food Supply LLC signed two simplified public procurement contracts with the total value of GEL 48,060 with Giorgi-94 LLC. **Gocha Khikhadze**, the Director and shareholder of Giorgi-94, as well as **Levan Kobakhidze**, another owner of the company's shares, donated GEL 5,000-5,000 to Salome Zurabishvili in November 2018.

Prior to these contracts, the Company has not received any contracts through direct public procurement or public tender.

## **Road-Constructor-13 LLC**

On April 30, the state-owned *Georgian Water Supply Company* LLC signed a simplified public procurement contract worth GEL 25,000 with Road-Constructor-13. The owners of the company, **Dalila Gabelaia** and **Nikoloz Kvaratskhelia**, are the donors of the Georgian Dream. On September 5, 2018, they donated GEL 5,000-5,000 to the ruling party.

Prior to the state of emergency, in 2012-2019, this company has received 42 contracts worth more than half a million GEL through simplified procurement and won a public tender worth more than GEL 11 million.

## **Hotels Management Group LLC**

The *National Tourism Administration of Georgia* signed two direct procurement contracts with Hotel Management Group on March 21 and April 20 for the use of the hotel as a quarantine space. In total, this company received GEL 485,290.

**Vladimer Stepaniani** is the 100% owner of Hotel Management Group and he donated GEL 60,000 to Salome Zurabishvili in October 2018.

## **K and Georgian Alcohol LLC**

The *National Tourism Administration of Georgia* signed two simplified public procurement contracts with K and Georgian Alcohol on March 16 and 27, for the use of the hotel as a quarantine space. In total, the company received GEL 65,000.

**Irakli Bekauri**, the Director General of K and Georgian Alcohol, donated GEL 90,000 to the Georgian Dream and Salome Zurabishvili in 2018-2019. Bekauri made the last donation of GEL 20,000 on March 13 in favor of the Georgian Dream, and three days later his company received the first direct public procurement contract.

**Giorgi Damenia**, the Director of the same company, donated GEL 30,000 to the Georgian Dream on April 15, 2020.

### **Kakhetian Traditional Winery LLC**

The *National Tourism Administration of Georgia* has signed 3 simplified public procurement contracts worth GEL 252,183 with Kakhetian Traditional Winery LLC for the use of its hotel as a quarantine space. The largest contract received through public procurement by the company until 2020 was worth GEL 29,000. From 2012 to 2019, the company has received contracts worth a total of GEL 260,000.

In 2016 and 2017, this company donated a total of GEL 240,000 to the Georgian Dream. **Zurab Chkhaidze**, the owner of 100% of stakes and the Director of the company, donated GEL 60,000 to Salome Zurabishvili in October 2018. Zurab Chkhaidze has donated a total of GEL 300,000 to the ruling party in various years.

Zurab Chkhaidze is also a member of the board of the non-profit legal entity Georgian Wine. Georgian Wine received 35 simplified public procurement contracts worth up to GEL 2.5 million in 2012-2020.

### **Weekend LLC**

On April 6, the *Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia* purchased medical equipment worth USD 1,329,680 (approximately GEL 4.2 million) from Weekend LLC through direct public procurement. On April 7, the company received another public procurement contract worth USD 20,617 (approximately GEL 68,000). Weekend LLC has been receiving simplified public procurement contracts since April 2020 and has received 23 contracts with a total value of up to GEL 60,000 in addition to the above-mentioned contracts.

**Bondo Goletiani**, 100% owner and the Director of Weekend LLC, donated GEL 25,000 to Salome Zurabishvili in 2018.

### **Tbilisi Repair Company LLC**

*Tbilisi Municipality Transport Development Agency* has signed two simplified public procurement contracts with Tbilisi Repair Company LLC worth more than GEL 3 million for the purchase of traffic lights and other road equipment.

The grounds for the purchase was a contract signed with the same company in 2018 through a public tender. In December 2018, the company won a GEL 2.7 million tender announced by Tbilisi City Hall. 4 companies participated in the tender, Tbilisi Repair Company offered the highest price and lost to all three competitors. However, the City

Hall disqualified all three competitors due to flaws in the technical documentation and signed a contract with Tbilisi Repair Company. All three competing companies appealed against the decision of the City Hall, but the Dispute Resolution Board of the Public Procurement Agency considered the complaint of one company inadmissible as for the rest two complaints it did not satisfy them.

On April 30 of the current year, the signing of a simplified public procurement contract with this company was caused by the replacement of the procurer (Tbilisi Municipality Transport Development Agency instead of the Tbilisi City Hall) and the extension of the terms.

Tbilisi Repair Company LLC donated GEL 60,000 GEL to the Georgian Dream in 2016.

In addition to this contract, Tbilisi Repair Company won 7 public tenders worth a total of GEL 8.3 million in 2015-2020, although it did not have a competitor in any of the tenders. Until 2020, the company won only the tenders (without a competitor) announced by the Tbilisi City Hall, but failed in the tenders announced by other agencies. In February 2020, the company won a GEL 45,400 tender announced by *Kutganateba*, again without a competitor.

### **Luka 2005 LLC**

On April 15, Nadzaladevi District Administration of Tbilisi purchased GEL 258,880 worth of food products from Luka 2005 LLC through direct procurement. Luka 2005 was registered in July 2019 and before the mentioned purchase in January and March of the current year it had signed 2 contracts worth up to GEL 16,000.

Luka 2005 LLC has won 6 public tenders with a total value of GEL 5 million in 2019-2020. In 5 of the mentioned 6 tenders it had no competitor. During the state of emergency, the company has won 2 tenders worth up to GEL 2.4 million. The largest tenders won by it are consolidated tenders conducted by the Public Procurement Agency, and the object of procurement is the supply of bread and cookies for law enforcement agencies.

On December 14, 2018, **Iasha Chachua**, the 100% owner of Luka 2005 LLC, donated GEL 60,000 to Salome Zurabishvili, and **Nukri Meparishvili**, the Director of the company, donated GEL 10,000 to the same person.

Ili Group, another company of Iasha Chachua has received direct public procurement contracts worth GEL 1.6 million in 2012-2019. During the same period, the company has won public tenders worth GEL 110 million. Among them, the largest was the tender of GEL 73 million announced for the purchase of food for penitentiary institutions. He did not have a competitor in the tender.

## **Geoferum LLC**

On April 6, the *Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia* purchased GEL 521,700 worth of medical clothing from Geoferum LLC through simplified procurement. Geoferum LLC was registered in May 2019 and had no experience of participating in public procurement before the contract.

**Levan Lursmanashvili**, the 100% owner and Director of Geoferum LLC, donated GEL 25,000 to the Georgian Dream in 2016, and GEL 10,000 to Salome Zurabishvili in 2018.

## **Madagoni 2 LLC**

During the state of emergency, the municipalities of Rustavi and Gardabani signed 29 simplified public procurement contracts worth up to GEL 723,000 with Madagoni 2 LLC. Prior to the state of emergency, Madagoni 2 received direct contracts worth up to GEL 5,000. The company has no experience in participating in public tenders.

Iuri Bedineishvili, Director of Madagoni 2 LCC, donated GEL 60,000 to the Georgian Dream in 2016.

## **In-Si LLC**

With a bid of GEL 33.7 million In-Si LLC won the tender announced by the Tbilisi Development Fund on March 24, 2020, the estimated cost of which was GEL 34 million. In the tender, the company had one competitor - Java LLC., which offered a lower price, but was disqualified due to problems in technical documentation.

In 2012-2020, In-Si has received 23 simplified public procurement contracts with a total value of GEL 123 million. Prior to the GEL 34 million public tender contract, it had won tenders worth a total of GEL 10 million. In-Si is mainly engaged in construction works.

In October 2016, **Zviad Toidze**, the Director of the company, donated GEL 50,000 to the Georgian Dream.

## **Road Construction Division #1 LLC**

On May 21, the *United Water Supply Company of Georgia* signed a GEL 85,000 simplified public procurement contract with Road Construction Division № 1. During the state of emergency, the company also won three public tenders worth a total of GEL 864,000. All three tenders were announced by Gori Municipality and only this company participated in all three.

**Nukri** and **Nugzar Abalaks**, 50% shareholders of Road Construction Division #1 LLC are donors of the Georgian Dream. In August and October 2017, each of them donated GEL 60,000 to the ruling party.

In 2012-2020, the company has received a total of 59 contracts worth GEL 8.5 million through simplified procurement. During the same period, it has won public tenders worth up to GEL 85 million.

**Appendix 1. The Georgian Dream’s donors participating in public procurement**

	<b>Company name</b>	<b>Political party donor affiliated with the company</b>	<b>The total value of public procurement contracts received by the company during the state of emergency (GEL)</b>	<b>The total value of public procurement contracts received by the company prior to the state of emergency (GEL)</b>
1	In-Si LLC	Zviad Toidze	33,700,000	100,000,000
2	GT Group LLC	Levan Gogsadze, Giorgi Gvelesiani	11,500,000	104,000,000
3	Alfa LLC	Alfa LLC	8,934,363	3,200
4	Mziuri LLC	Shota Basilashvili, Dimitri Ramishvili	4,531,444	53,000
5	Weekend LLC	Bondo Goletiani	4,300,000	-
6	Bakuriani Inn LLC, Renaissance Construction LLC, Hotel Gudauri Inn LLC, Hotel Iveria Inn LLC	Paata Kokaia	3,798,400	-
7	Tbilisi Repair Company LLC	Tbilisi Repair Company LLC	3,150,000	5,200,000
8	ABM LLC	Alexander Khetereli	3,100,000	9,000,000
9	Road Construction Division #1 LLC	Nukri Abalaki, Nugzar Abalaki	949,000	93,000,000

10	Lochini LLC	Avtandil Natsvlishvili	750,000	13,500,000
11	Madagoni 2 LLC	Iuri Bedineishvili	723,000	251,294
12	Goeferum LLC	Levan Lursmanashvili	521,700	-
13	Hotels Management Group LLC	Vladiemer Stepanini	485,290	-
14	Kvareli Eden LLC	Alexander Maghrdze, Zurab Kiknadze, Ilia Kavtaradze, Levan Marshania, Gia Urotadze, Zimo LLC	277,300	400,000
15	Luka 2005 LLC	Iasha Chachua, Nukri Meparishvili	258,880	5,000,000
16	Kakhetian Traditional Winery LLC	Zurab Chkhaidze	252,183	260,000
17	Kvareli Palace	Ivane Nikolaishvili	224,440	63,000
18	JSC T&R Distribution	Raphiel Suramelashvili, Nika Zautashvili, Zurab Aghniashvili	200,000	675,000
19	Geostar LLC	Archil Maziashvili	100,000	107,000
20	K and Georgian Alcohol LLC	Irakli Bekauri, Giorgi Damennia	65,000	-
21	Giorgi 94 LLC	Gocha Khikhadze, Levan Kobakhidze	48,060	-
22	Road Constuction-13 LLC	Dalial Gabelaia, Nikoloz Kvaratskhelia	25,000	11,500,000