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This Manual for Community-Based Organizations is the first edition and therefore it may not be covering all issues concerning CBOs. We are willing to take in consideration the comments that we shall receive from experienced readers. We hope the next edition will be more perfect covering more information.

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Introduction

Dear Reader!

Strong Community-Based Organizations are the guarantee for stable development of rural areas.

Public organizations play a significant role in the management of democratic state. Through them citizens are united to protect their own interests. Society elects the Government, the President and the Parliament which will provide their own welfare. The need for establishing the third sector was determined by numerous problems existing in the society. Public organizations are not only protecting their own interests and putting justified and organized pressure over the government but are also assisting them in defining their priorities.

In this regard, CBOs have a special role, since they have the closest connection with communities, local population. They also help them in being well-organized. In future, through the assistance of CBOs, the interests of village population shall be protected, their social living conditions improved, democratic management established and developed, and etc. Due to the significance of CBOs, it is necessary to facilitate formation and development of such organizations, as well as their organized development and strengthening.

This manual was written as a result of direct cooperation with CBOs and its authors did their best to provide practical information for the persons desiring to make their contribution to improving current situation and/or to make work of CBOs more effective.

How to Use this Manual?

Chapter I contains general information about the purpose of community unions. Chapters II, III and IV deal with specific activities implemented by CBOs. In these chapters readers will find all necessary information related to the registration procedures, management and development of CBOs. This manual can be used as a guideline for readers to go through all the stages in consecutive order and elaborate CBO work strategy for the nearest 3 or 5 years, which shall be aimed at developing community using community's own resources and involving its all members.

It is also possible to use this manual as a guideline for carrying out some specific tasks in accordance with its separate chapters and questions discussed in it. For example: while resolving one specific problem, the data base can be created for this specific problem and the specific problem analyzed using the wood or fish model.

The manual also provides methods, principles and criteria for assessing the CBOs and their activities, which will assist interested persons in evaluating their own work.

The goal of the authors is to assist communities that are willing to establish or develop already established CBOs.

Certainly, we cannot say that the manual precisely envisaged all the issues, which are important for the CBOs but it is noteworthy to mention that this is the first edition and in the future, this manual will be permanently updated, improved and published.

Authors of the Manual

Chapter I

General Information on Community-Based Organizations

I. What is Community-Based Organization/and what is its objective?

What is Community Union?

Community Union is a membership organization, which is created by persons having common interests. The members of such unions are mostly inhabitants of one and the same town (street, residential building) or village and are motivated with the common desire to resolve certain problems or improve general conditions of their village or neighborhood. Community Unions can also be founded by the people who do not necessarily live in the same geographical area, but have common interests. The examples of such unions are: young people's clubs, groups for protection of women's rights, farmers' associations, cooperatives, etc.

Community Unions can be registered or non-registered. Non-registered community unions are simple and easily available form for the citizens who do not have sufficient funds for registration of the union and for complying with other administrative procedures. Registered unions have legal status, formally established rights and responsibilities and legally authorized management.

Similarity and difference Between Registered and Non-Registered Unions

Both of these unions are organizations members of which are volunteers and their goals are to protect the interests of their members. Therefore, it is necessary to study the interests of their members, the problems they are encountering and find the ways to resolve these problems. The advantage of the registered organization is that it has a status of a legal person and can exercise more authorities to protect the interests of its members.

Peculiarities of Community Unions and Non-Government Organizations

Community Unions and non-governmental organizations (NGOs)/non-profit organizations are both public-based. Both types of organizations belong to the third sector (democratic state is based on three sectors: I-governmental, II-commercial, III-non-governmental/non-commercial), and the main goal of all these sectors is to provide services for the community. The term **non-governmental** means that such organizations do not work under governments' orders. The term non-profit means that priority of members of such organization is not to gain private profit. Nevertheless, these definitions do not exclude the possibility of such organizations to cooperate with the government and implement some profitable projects (the union's profits are completely spent on its administrative and project expenses). In such cases, the community considers the government as its partner in the governance of the country to provide community's welfare. Through governmental elections, the community hires responsible persons to guarantee public safety, its welfare and freedom. Nevertheless, by hiring the government, society does not reject its civil responsibility to actively participate in country's governance matters. Through community-based organizations (CBOs) the civil society constructively studies and researches its problems, finds the resolutions of these problems and resources for implementation of these resolutions, reacts to the issues which it can solve on its own and cooperates with the government and other interested parties to settle more complex issues.

The difference between the community-based unions and non-government organizations lies in the area of their activity. The area of activity of the non-government/non-commercial

organizations is broader, while CBOs are oriented only on the interests of their community/CBO members and the issues connected with them. For example, the main goal of *The Association for Protection of Land Owners Rights* is to protect landowners' rights regarding different issues throughout Georgia, or another NGO *Imereti Youths' Union* works on the development programs in Imereti region, especially for young people. These organizations can cooperate with the CBOs taking into account specific problems of their community.

Based on the nature of their activities, Community Unions are the principle consumers of their own projects, whereas members of non-government organizations might not be the direct consumers of their projects. Accordingly, while financing different projects in Community Unions, salaries are rarely provided. (See chapter III-“Community Union Management” - principles of salary compensations and issues to consider while planning activities).

Difference and Similarities between Community Unions and Local Self-Government Bodies

These two structures are similar in terms of their objectives and work principles. Both of them are aimed at serving public and providing its socio-economic and political stability and welfare. Transparency and openness are two main principles of their work. The main difference between them is that members of the Community Unions are volunteers and they determine the area of their activities, while the local self-governance bodies, once being elected, assume responsibilities for replenishing local budgets, providing services for infrastructure development and other services.

2. Role of Community Unions in Democratic Governance in Villages

The Oxford dictionary gives such a definition for the term democratic governance:

Democratic governance means equal rights for all citizens of the country for participation in the governance of the country.

What is the Meaning of Governance of the Country?

The main objective of the government members is to determine the effective course for development of the country, to design necessary legislative basis for implementation of this course and facilitate its enactment. The relevant question to ask is what are the indicators of efficient development of the country? As it has been mentioned before, the society hires the government with the purpose to have its interests protected and its welfare guaranteed. During 1990-2003 due to the course chose by the government, the country's development went into the wrong direction, the interests of the society were neglected and the social level declined. In the first stage, the reaction of the society towards the ineffective course of the government was to avoid potential conflicts. The society tried self-rescuing through such simple methods, like elusion from taxes, usage of state property for its own profit (illicit export of non-ferrous and scrap metals, timber and other resources from the country), migration, etc. These actions had ruinous consequences on the society itself. Many individuals became trafficking victims, the infrastructure and the economy of the country deteriorated. Nowadays, the country's psycho-social and economic rehabilitation is more expensive than the income of the population obtained through the unlawful actions mentioned above.

Later, society required from the government to fulfill its obligations, but only formulating demands was not sufficient for gaining positive results. It is very important to understand that one of the major pre-requisites for the proper development of the country is the active involvement of the citizens in realization of their civil rights. Taking part in the elections is only a part of these obligations. Civil obligations also imply active involvement of the society in determining the course of development and drafting legislative frameworks. The community members know that their welfare is directly connected with the correct formulation of their goals and objectives, which will be envisaged in the overall strategies of the country's development. As a rule, government representatives are not very effective in formulation of these goals. One of the reasons for this is in the narrowness of their view. We can compare it with the view from the airplane. The members of parliament and government have a general overview of the country, its resources, problems and needs, while the community members have more definite understanding of these questions. Therefore, it is the prerogative of Community Unions to organize such researches and determine the course and activities needed for their communities. The next step is to cooperate with the government to implement specific activities and if the government does not respond to their needs and demands, then Community Unions should exercise some pressure on the government.

Following chapters cover specific methods for effective functioning of the Community Unions.

Chapter II

Foundation of Community-Based Organizations

1. Who can Found Community-Based Organizations

According to Georgian legislation, Community-Based Organization is a non-government, non-entrepreneurial (non-commercial) membership-based legal person of private law. According to legislation, its legal form is union.

According to the Civil Code “Union is a legal person, where several persons set common goals and its existence depends on membership changes. At least five founding members are required to form a union “(The Civil Code, Article 30, item 2).

Entrepreneurial activity is not the objective of the CBO. Entrepreneurial activity that is of an auxiliary nature and serves to accomplish a common goal and does not alter the nature of a non-commercial legal person. The profit gained from such activity should be used for implementation of the objectives of the union.

Any citizen of Georgia and/or legal person of private law, who is interested in the development of specific village or community, or in carrying out of any important activity, can create a CBO.

2. Objective of Community Organization

The objectives of the CBOs are activities, principles and listed in their Charter and accomplishment of goals and objectives determined by their Charter.

The objectives of the Community Organization might include:

1. Identifying, studying, and solving of the problems that exist in the village.
2. Creating necessary living conditions of each village inhabitant to develop the general welfare of the village.
3. Creating satisfactory socio-economic conditions for each family of the village.
4. Overcoming problems existing in the education system and improving the situation existing in this field.
5. Resolving problems existing in medical care system.
6. Taking care of the environmental protection of the village and implementing environmental projects.
7. Supporting socially unprotected population and protecting their interests. Creating guarantees of financial security for such population.
8. Supporting population to communicate with the government and protecting their interests.
9. Monitoring of the decisions of local self-governance and governance bodies and supervision of their implementation.
10. Developing agriculture and implementing relevant projects.
11. Resolve problems existing in the land tenure.
12. Supporting village population in management and use of the common agricultural land (pastures, arable land).

13. Facilitating participation of CBO members in public events, in design and implementation of different programs and in attraction and spending of funds.
14. Participating in resolution of neighbor or family disputes. Implementing private arbitration, and protecting interests of villagers in courts.
15. Cooperating with NGO's inside and outside Georgia.
16. Providing information and consulting services for natural and legal persons.
17. Carrying out other important activities leading to: improvement of the social, cultural and economic position of the village population and development of the agriculture; construction of the highways; construction and rehabilitation of other important facilities; protection of the environment and natural landscapes from external damage, etc.

3. Structure and Management of CBOs

The highest governing body of the CBO is the General Meeting of the CBO. The General Meeting is authorized to proceed with its work if it is attended by more than a half of its members. The goals of the General Meeting are as follow: determination of principal directions of the CBO; development of future action plans; election of board members and the organization director. The General Meeting of CBO has many other powers and responsibilities listed in the Charter of the CBO. The General Meeting is held at least once a year.

One of the most important parts of the CBO is its Board. It is an elective organ and its members are elected for the term of 4 years. The Board determines main directions, goals and objectives of activities to be later carried out by the organization. The Board includes 5 members and the board members represent the organizations with the public.

The director of the CBO manages the everyday process and activities of the organization. The director is authorized to set up the structure of the staff and manage it. The director is directly responsible in front of the Board and the General Meeting for carrying out duties and responsibly entrusted to him/her.

The General Meeting also sets up an Inspection Commission consisting of 3 members of the CBO. The Inspection Commission carries out the audit of financial and accounting documentation and makes stock inventory every six months. The results of the inspection are presented to the General Meeting.

1. General Meeting
2. Board
3. Inspection Commission
4. Director

4. How to Establish CBO?

- Foundation, Reorganization and Liquidation of the CBO

The organizational/legal form of the CBO is union. According to the civil legislation at least five members are required to establish a union. Founders meeting is held to make a decision on foundation of the union. The founders meeting elect a Board. The document (founders' meeting protocol) should be submitted with the regional court for registration. Union registration fee equals to 60 GEL. The documents submitted with the court must be

notarized. The same applies to the facsimile of the Board Chairman. (Notarization is connected with some expenses) The court shall register the CBO in the court register within one month. The Union is non-entrepreneurial (non-commercial) legal person. Nevertheless, within its competence it can carry out entrepreneurial activities, which should be of an auxiliary nature. It can also set up entrepreneurial legal person or persons. The union has a seal and all the attributes that are necessary for legal person of private law, including the bank account.

If any amendments are introduced into the CBO Charter, the board members must file notarized documents on amendments with the court for registration. For this procedure, founders signatures or their written approvals are not required. Only the signatures of Board members are required. In case of the change of founders, founders' written consent or repeated registration is required.

Liquidation of the CBO is carried out by the Board. In special cases, the court may appoint other liquidators. Responsibilities of these liquidators are similar to those of the Board members.

Sample CBO charters are presented below.

5) Sample Charter of the CBO (Community Union)

Registered by

----- rayon court

on ----- 2003

Registration # -----

Meeting

Approved by the General

of founders on ----- 2003

Meeting protocol # -----

**Registered Union
Community-Based Organization**

(CBO Name)

CHARTER

----- Rayon

2003

Chapter I. General Provisions

- 1.1 Registered union community-based organization ----- (hereinafter referred to as the CBO) represents a voluntary non-governmental, non-political, non-profit public union, which conducts its activity in accordance with Georgian Constitution, Civil Code, current legislature, generally accepted norms of international law, and this Charter.
- 1.2 CBO represents an independent, self-governing, public organization that unites physical persons on voluntary basis, who are familiar with its Charter, aims and objectives.
- 1.3 CBO represents non-entrepreneurial (non-commercial) legal person, organizational-legal form of which is union.
- 1.4 CBO can conduct an entrepreneurial activity, if this activity has auxiliary nature, serves the common interest and does not alter the nature of non-commercial legal person.
- 1.5 CBO establishes branch offices, representations, and creates agricultural enterprises in order to achieve its goals and objectives.
- 1.6 CBO has an independent balance, it can open debit and other types of accounts, including foreign currency accounts, in Georgian and foreign Banks. It can own private property. It has stamps, letterheads and other attributes of legal person.
- 1.7 CBO gains legal status upon registration in the court.
- 1.8 Legal address of CBO is: village -----, ----- rayon, Georgia.

Chapter II. CBO Goals

2. CBO's goals are to:

- 2.1. Identify, study and resolve problems of the village.
- 2.2. Create necessary conditions for development of every village resident.
- 2.3. Resolve problems and improve condition in educational system.
- 2.4. Implement employment and self-financing project.
- 2.5. Create necessary conditions for village development.
- 2.6. Create proper social-economic conditions for every family in the village.
- 2.7. Resolve ecology problems and implement relevant projects.
- 2.8. Develop agriculture and implement relevant projects.
- 2.9. Resolve problems in health care.
- 2.10. Support socially unprotected population, protect their interests and create financial guarantees for them.
- 2.11. Assist population in communication with state agencies and protect their interests.
- 2.12. Resolve problems existing in the sphere of land tenure.
- 2.13. Improve village infrastructure and social environment, including roads. Also, improve drinking water and irrigation systems, meadows-pastures and melioration systems.
- 2.14. Protect forests.
- 2.15. Assist village population in administering and using common use agricultural land (pastures, meadows).
- 2.16. Implement social projects for improving schools, kindergartens, squares, also cultural and sports facilities of the village.
- 2.17. Ensure the participation of CBO members in public processes, in design and implementation of different programs, and attraction and usage of funds.

- 2.18. Monitor the process of implementing decisions made by local self-governance and governance bodies.
- 2.19. Introduce new and traditional agricultural activities and facilitate their development.
- 2.20. Promote creation of producing and reprocessing enterprises.
- 2.21. Facilitate the resolution of neighbor and family disputes in the village, conduct private arbitration and defend interests of village population in the court.
- 2.22. Carry out social and cultural programs.
- 2.23. Facilitate development of different physical cultures and sports.
- 2.24. Implement projects on environment protection for the purpose of restoring ecological balance, preserving wild nature and restoring damaged natural landscape.
- 2.25. Actively participate in different projects aimed at preventing falsification of agricultural products.
- 2.26. Cooperate with NGOs both in Georgia and abroad.
- 2.27. Hold seminars, conferences and meetings with different public groups, governmental structures, and other NGOs.
- 2.28. Publish periodical press, brochures and manuals.
- 2.29. Provide informational and consulting services to physical and legal persons.
- 2.30. Conduct other activities, which will improve: social, economic and cultural condition of village population; develop agriculture, roads and other significant objects; protect environment and natural landscapes from harm.

Chapter III. CBO Membership

- 3.1. Membership of CBO is the right of personal, individual character and it is not transferred through bequeathing or by warrant.
- 3.2. Any full age Georgian or foreign citizen, who is either registered in the village -----, or permanently resides in this village can become a member of CBO. Potential member has to share goals and objectives of the organization.
- 3.3. CBO envisages two types of membership: real members and honorary members.
- 3.4. Real member is a full right member of CBO, who represents and protects its interests. Real member has the voting right on general meeting and he/she shall pay determined amount membership fee to the organization.
- 3.5. Honorary member is foreign or local expert (consultant), also owner of the property in the village, who is interested but is not involved in daily activities of CBO. He/she also has big experience and achievements in the certain field. Honorary member has the discussion vote but does not have the right to participate in ballot. Honorary member is exempted from payment of membership fee.
- 3.6. Founders of CBO and persons who became members later have equal status.
- 3.7. Board makes the decision on accepting new members, based on the written application of the person. Application form is prepared by the Board and it is available for all interested persons.
- 3.8. The status of real or honorary member is decided by simple majority of votes of the Board.
- 3.9. CBO membership authority is ceased:
 - a) Based on personal request;
 - b) If the court finds the member guilty;
 - c) In case of death;
- 3.10. CBO member is deprived of the membership authority by the decision of General Meeting, if:

- a) The members activities are in conflict with the CBOs interests;
- b) The member violates his/her obligations assigned to him/her by the Charter;
- c) The member committed the action, which discredits the activities of the CBO.

Chapter IV. Rights and Obligations of CBO Members

4.1. Every member of CBO has the right to:

- 4.1.1. Participate in the activities of the General Meeting of CBO members, within his/her competence.
- 4.1.2. Elect governing bodies of CBO through voting.
- 4.1.3. To be elected in the governing bodies of CBO.
- 4.1.4. Receive all the information from CBO management concerning their activities.
- 4.1.5. Participate in CBO activities in accordance with his/her qualifications and competence.
- 4.1.6. Become familiar with and freely use the data stored in CBO.
- 4.1.7. Work in administrative bodies.
- 4.1.8. Participate in different activities conducted under auspices of CBO.
- 4.1.9. Elaborate recommendations and proposals concerning the issues related to CBO activities.

4.2. Every CBO member is obliged to:

- 4.2.1. Follow CBO Charter and internal regulations.
- 4.2.2. Protect the reputation, authority, dignity and property of CBO.
- 4.2.3. Participate in CBO activities according to his/her capacity and interest. Fulfill tasks assigned to him/her by managing bodies.
- 4.2.4. To be guided by goals of CBO in professional activities.
- 4.2.5. Facilitate the process of achieving CBO goals and objectives.
- 4.2.6. Pay membership fee (if he is obliged to) in accordance with periodicity and amount determined by the General Meeting.
- 4.2.7. Keep confidential information, that he/she became familiar with in the process of CBO activity.

Chapter V. General Meeting of CBO

- 5.1. Supreme managing body of CBO is the General Meeting of members (hereinafter referred to as General Meeting).
- 5.2. CBO Board calls General Meeting at least once a year, or when it is necessary due to organization's interests.
- 5.3. General Meeting is authorized, if it is attended by more than a half of the members authorized to vote.
- 5.4. Every member of CBO will be notified on General Meeting and its agenda, in written manner or through publishing the notice in press at least two weeks prior its date.
- 5.5. On General Meeting, decisions are made through open or secret ballot. 2/3 of the votes of members present are needed for making a separate decision on holding secret ballot. The decision is valid only if the item was included in the agenda of General Meeting during its publication.

5.6. Decision of General Meeting is made by majority of votes of present members authorized to participate in votes. For making amendments to the Charter 2/3 of votes is required.

5.7. General Meeting of members:

5.7.1. Adopts Charter and makes amendments and additions to it;

5.7.2. Approves annual orientation work program and course of priority activities prepared by the Board;

5.7.3. Conducts hearings of the Board and the inspection commission reports;

5.7.4. Makes decisions on elaboration and execution of major and targeted programs of CBO;

5.7.5. Elects board members of CBO;

5.7.6. Elects CBO director;

5.7.7. Elects inspection commission of the Association and its chairman;

5.7.8. Establishes membership fees and in case of necessity changes its amount and periodicity of payment.

5.7.9. Makes decision on salaries of board members;

5.7.10. Makes decision on reorganization and self-liquidation of CBO;

5.7.11. Resolves other issues that according to this Charter are not part of authority of other managing bodies;

5.8. Unplanned General Meeting is held based on written request of CBO Board, the inspection commission or 1/10 of members.

5.9. Special protocol is compiled for progress and conduction of every General Meeting.

Chapter VI. Board of Community Based Organization

6.1. Internal management and inner policy making body of CBO is the Board consisting of five members, which is elected through secret ballot on General Meeting of members for the term of four years. In the course of time, number of the Board members might increase if necessary.

6.2. Board members may be only the members of the CBO.

6.3. Authority of the Board extends until the election of the new board. Board members have right to preserve indicated position only for two terms in a row.

6.4. Board meetings are held as required. The board meetings are called by the initiative of the Chairman of the Board or upon the request of 1/3 of board members.

6.5. The Board is authorized if the Chairman and two members are present at the board meeting.

6.6. The decision on board meetings is made by the simple majority of votes.

6.7. The Board has the right to suspend the authority of board member:

a) If the Board member regularly does not attend board meetings (three times in a row) and hampers activities of the board;

b) If the board member rejects membership authority.

6.8) Membership of the Board can be amended by unplanned General Meeting of CBO. In case of reducing number of board members up to 2/3 and if more than 2 months are left until next General Meeting, the Chairman of the Board calls the special General Meeting for electing new board members.

6.9. The Board works in the following directions:

- 6.9.1. Represents CBO while dealing with third parties;
 - 6.9.2. Elects the Chairman of the Board from its members;
 - 6.9.3. Calls and organizes General Meeting of members, approves agenda;
 - 6.9.4. Executes decision of General Meeting of members;
 - 6.9.5. Discusses and resolves issues related to becoming member of CBO or depriving its membership, maintains journal of members' attendance.
 - 6.9.6. Approves CBO staff plan and budget;
 - 6.9.7. Approves projects to be implemented by CBO and provides their appropriate implementation;
 - 6.9.8. Establishes financial, labor and employment procedures, based on which daily activities are maintained;
 - 6.9.9. Discusses and resolves other important issues as introduced by CBO Director;
 - 6.9.10. Makes decisions on establishing branch offices and entrepreneurial legal persons, appoints and fires their managers, also approves their guideline provisions;
 - 6.9.11. Proceeding from the interests of CBO, implements other types of activities.
- 6.10. Newly elected Board holds first meeting within 14 days after its election.
- 6.11. Protocols shall be compiled for every board meeting and its progress. One of the members of the Board is tasked with maintaining and keeping the protocol.
- 6.12. During the period between the board meetings, specific decisions on CBO activities to be implemented are made by CBO Director in accordance with the Charter.

Chapter VII. The Director of CBO

- 7.1. Director of CBO (hereinafter Director), who is elected by the General Meeting of members for the term of four years is awarded with executive-administering authority.
- 7.2. The authority of the Director begins as of his/her election and lasts until the election of a new director.
- 7.3. Director within his/her competence:
- 7.3.1. Manages CBO;
 - 7.3.2. Unilaterally represents CBO when dealing with third party;
 - 7.3.3. Organizes execution of decisions made by General Meeting of members;
 - 7.3.4. Organizes execution of board decisions, calls board meetings;
 - 7.3.5. Implements activities of CBO for achieving goals envisaged by the Charter;
 - 7.3.6. Elaborates strategic plans and sets priority trends in relation to CBO objectives and activities;
 - 7.3.7. Conducts operative management of financial means and other property and is responsible for their proper use;
 - 7.3.8. Signs official documents, including financial ones;
 - 7.3.9. On behalf of CBO personally enters in all kinds of agreements;
 - 7.3.10. Announces tenders and other selecting contests, establishes tender and selecting commissions;
 - 7.3.11. Approves expenses, monitors CBO and project budgets;
 - 7.3.12. Hires and dismisses employees;
 - 7.3.13. Proceeding from the interests of CBO, communicates with similar local, foreign or international organizations;
 - 7.3.14. Manages work of CBO in democratic, transparent and effective manner.

7.4. For the purpose of prompt and efficient implementation of organization's functions, the Director establishes working groups (structure of apparatus) in agreement with the Board.

Chapter VIII. The Inspection Commission of CBO

8.1. The inspection commission, its chairman and three members are elected through General Meeting for the term of two years.

8.2. Member of the inspection commission should be real member of CBO.

8.3. The inspection commission makes decisions by simple majority of votes.

8.4. Once in every six months, the inspection commission conducts review of financial-budgetary documentation and inventory of material assets. Review results will be reported during next General Meeting.

8.5. Inspection commission controls execution of Charter requirements by CBO Director and the Board as well as usage of financial means and other property in accordance with the goals of the Charter.

8.6. The inspection commission conducts inspection and identifies conflict of interests of members and employees in relation to CBO activities. CBO members, managers and employees are not allowed to be guided by their personal interests, maintain business relations on behalf of CBO with their relatives or any other individuals with whom they are related with private interests.

8.7. In case of identifying serious violations, the inspection commission will call special General Meeting, with specific agenda and will lead the meeting.

Chapter IX. Property of CBO

9.1. The property of CBO cover major funds necessary for material supply of the activities envisioned by the Charter, turnover funds and other assets envisaged in CBO balance.

9.2. Sources for creating CBO funds are:

9.2.1. Membership fees and voluntary donations of members;

9.2.2. Grants and charity donations;

9.2.3. Incomes gained through implementation of CBO target projects and programs;

9.2.4. Other sources that are not forbidden by the existing Georgian legislation.

9.3. Distribution of CBO property or income generated from economic activities among its members is inadmissible.

9.4. CBO can own real estate, which is necessary for implementing activities envisaged by the Charter.

Chapter X. Reorganization and Liquidation of CBO

10.1. Duration or term of CBO activities is not defined.

10.2. Activities of CBO are terminated through its reorganization or liquidation.

10.3. Reorganization of CBO (merger, integration, division, splitting, transformation) or liquidation is conducted in accordance with the rules established by the legislation, or based on the decision of General Meeting or court.

10.4. CBO is carrying out liquidation. If case of special situations, court can appoint other liquidators. Responsibility of liquidators equals to the responsibility of the Board.

Community Based Organization “-----“ Board Members

- | | | |
|----|-----------------|----------------------|
| 1. | -----
(name) | -----
(signature) |
| 2. | ----- | ----- |
| 3. | ----- | ----- |
| 4. | ----- | ----- |
| 5. | ----- | ----- |

Community Based Organization “-----“ Founders

- | | | |
|----|-----------------|----------------------|
| 1. | -----
(name) | -----
(signature) |
| 2. | ----- | ----- |
| 3. | ----- | ----- |
| 4. | ----- | ----- |
| 5. | ----- | ----- |

Chapter III

Management of Community-Based Organizations

I. General Principles of CBO Management

To elaborate effective management system for a CBO and to define its meaning is very interesting and complicated task, especially if we take into consideration public attitude existing towards management methodologies practiced in our country. Frequently organizations think of management mechanisms as formal, demonstrative instruments and not as specific tools for effectiveness of organization's activities. In 2003-2004 within the frames of CARE Int., West Georgia Community Mobilization Initiative program, (WGCMI) trainings were held for developing skills needed for operating CBOs. As the result of analysis of the problems in 10 regions of West Georgia, the research discovered that the main reason of unattractive conditions in the country is attributed to ineffective planning and management. Other problematic areas hindering the country's development were: ruined infrastructure, non-effective local and national economies, bad educational system, corruption almost at all levels, unemployment, migration, communities on the poverty line, environment at the edge of disaster, etc.

Other reasons of non-effective management in West Georgia were attributed to lack of information and education among population and managing bodies, which result into narrow-mindedness of viewing problems.

In order to define importance of control and management, let's look at the definition of the terms at different periods.

H. Fayol (1916)

Management/control means defining and planning in advance, organizing, giving instructions, coordinating and control.

Apple Brech (1957)

Management/control is a social process.... it includes planning, control, coordination, and motivation.

Kontz and Odonell (1984)

Management/control is an operational process, which in most critical way defines management/control function. There are five important functions of management: planning, organization, staff management, giving instructions, administration and control.

Peters (1988)

Five spheres of management/control are based on a concept of practical activities of our chaotic world. We can identify five functions of Management/control:

- 1) The main goal is to meet consumer's interests and requirements;
- 2) Everlasting innovation in all spheres of the organization;
- 3) Partnership – participation of all persons related to the organization and sharing opinions;
- 4) Leader who likes changes (instead of affray), shares and implements innovative ideas step by step;
- 5) Use of simple control system, which will enable us to check whether activities of the organization are in conformity with the environment.

Georgian definitions used during the seminars within the West GCMi program showed that they are closer to H. Fayol (1916) definition. If we add to that the formal attitude of management representatives towards advance definition and planning, we can suppose that the result is the present situation of the country. The study carried out during the seminars showed that in Georgian reality the main problem in organizational management was negligent attitude towards reporting and investigation processes. This relates to the Soviet times when only the central government had executive prerogative to make decisions and local initiatives were not considered as a good tone. Rejection of community participation in the process of decision-making and planning resulted in community alienation towards state property. The problem became especially vivid during post-Soviet times. Planning in state organizations did not envisage studying consumers' i.e. community interests and their activities were not oriented to meeting those interests. The community itself did not care for state property and made an attempt to meet their own interests by easiest and the simplest way for them. As a result of the processes, precious metals, wood material and later all kinds of scrap material were taken abroad. This culminated with losing the most valuable of resources, human. We can not say that during that period the resources were not assessed, but one thing is clear: effective usage of the resources was not envisaged in the plan to improve the situation.

Coming back to management, management/control activities may be classified in the following way:

- **Planning**
 - target tasks, goals and their implementation
- **Organization**
 - define activities and share responsibilities for attaining the goals; coordination of activities and responsibilities with the help of relevant structure
- **Motivation**
 - in the process of designing goals, hired staff and volunteers' social and psychological interests shall be considered

- **Control**

- develop monitoring, evaluating, and correcting mechanisms for activities.

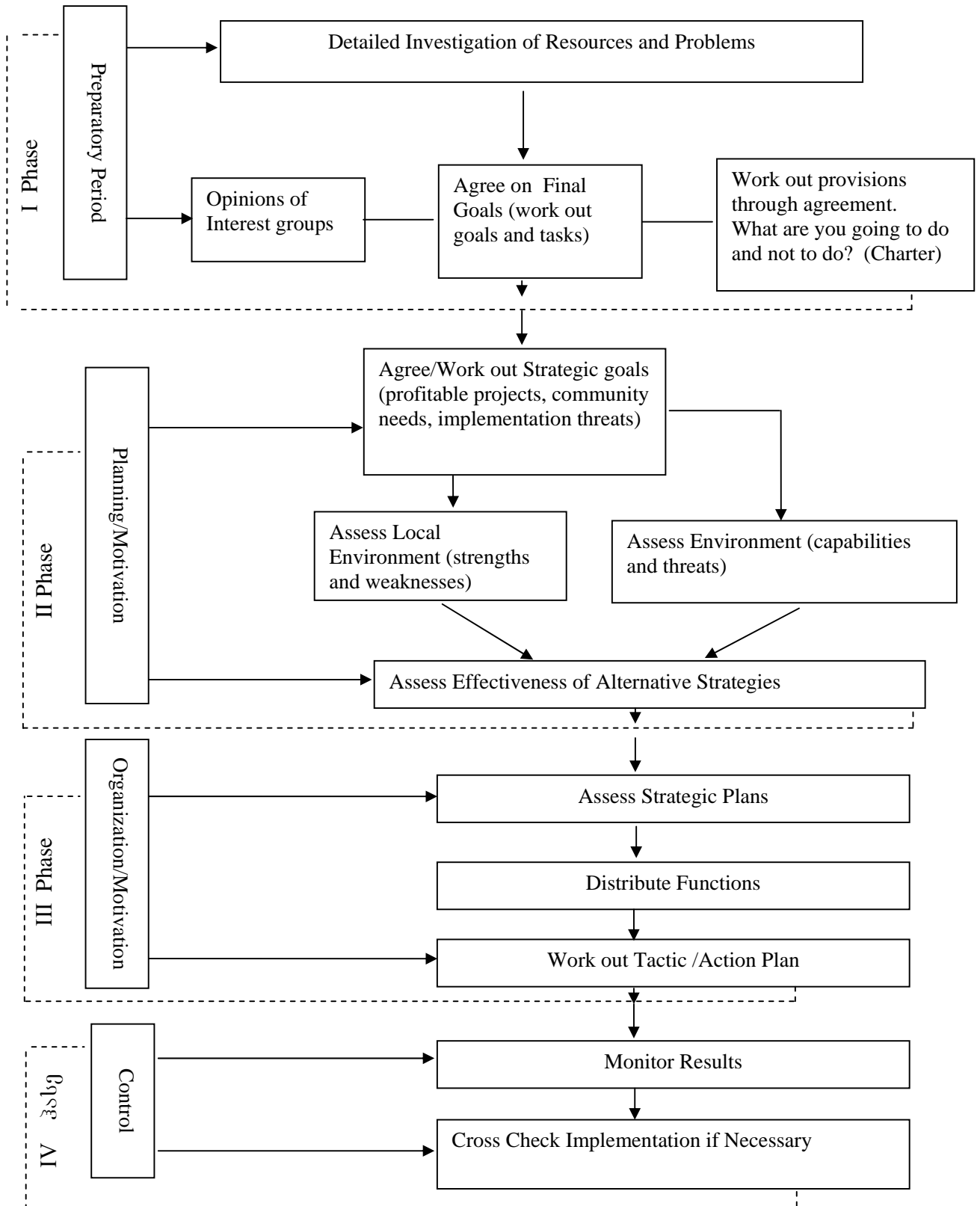
Representatives of CBOs in Georgia also name problems, which we have partially discussed in previous chapters. Now we are going to focus on the problems which are directly related to management. While talking to CBO members, they identified the problems mainly related to vision, motivation and governance, which may be considered as reasons for insufficient viability of these organizations.

As a result of problem analysis we tried to adapt the existing material in the most practical form for CBOs. We decided to discuss the organizational management issues in accordance with the above-mentioned four components. The manual provides detailed instructions for each component, which will assist you in planning of the organization step by step, its management and control of the activities. Since the CBOs are public driven and volunteers are their main force, one of the main factors of its success is motivation of CBO and community members. The way to the success is in accurate planning: how do the members of the CBO envisage personal and community interests in the process of defining strategic goals? Are all those precisely formulated? How transparent is the planning process and what is the community activity like? One of the main reasons of low motivation is associated with recognition of community capacity and necessity. Apart from the definitions given in the first chapter the detailed analysis of problems, resources, competence and capacities gives us possibility to see the role of CBOs and their needs.

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Form N 1 Shows corporate planning stages within the above-mentioned four components.

Form # 1



II. Phase I – Preparatory Stage (Investigation and Analysis)

The first stage of development and effective management of community unions/CBOs is planning. At the preparatory period it is necessary to establish database about available community resources and their conditions, investigate community problems and make analysis, define attitude of groups towards the problems and analyze their interests. After making analysis of community problems, it is necessary to set goals for development, and design community union vision and prepare a general picture.

1) Who is the data base for and what is its goal?

Community union database is for community union and correspondingly must help community union board to work out strategies which will enable them to achieve goals. If we take a look at a typical charter of community union we'll find that the basic goals are the following: to promote welfare of each villager, create necessary environment for improving their social and economic conditions, and develop village itself. Also, community union's goals are: to take care of rural ecology, education and medical care; reveal community problems and find ways for resolving them; facilitate to establish relevant projects through constructive pressure on the government for improving rural infrastructure and developing agriculture. Community union due to its peculiar nature may ensure participation of the public in the decision-making process, monitor implementation of decisions and resolutions taken by local governing bodies, promote settling of family and neighbor disputes through arbitration. It can support meetings and discussions on rural and civil issues, etc.

The data obtained by the community unions after goal oriented investigation shall be useful: they shall promote community union board in developing strategies, task force shall study and make analysis of the situation, experts shall be able to find effective ways for community development. The project groups shall also use this information; they must prepare effective projects for development of individual farms and communities. Each member of the groups will need detailed and precise information about the problems since they must be familiar with village resources and conditions of the resources (strong and weak sides).

The tables provided by us are destined for simplifying the process of detailed analysis and its better organization. Assessments of strong and weak sides are attached to the tables, which makes it easier to find impediment factors in using raw materials and resources.

2) How to prepare for analysis of community resources?

I stage: carry out preparatory work for conducting the study:

1. Define the number of target group members and opinion poll. It will help you to define methodology of the study and quantity of material needed;
2. Define geographic area of study group (since the aim of database is detection of issues related to villages and rural population. It is necessary to implement different projects and for this purpose detailed study shall be conducted. You will have to study village population and entire territory);
3. Divide geographic area into parts. It will make easier to obtain information. Recruit target groups with the population living in the area to make the process easier;
4. Determine age, gender, and profession of the target group in advance. Take the characteristics into consideration while recruiting.

II stage: define study method proceeding from the type of tables.

Methods of study:

1. Walk from house to house to obtain information;
2. Have discussions with small groups;
3. Study of problems by professionals on the spot;
4. Establish general picture based on the information. Specify or make corrections to the information.

III stage: Recruit target groups based on the following criteria:

It is desirable that investigation group members are selected from the target area when using the house-to-house method. The recruitment of other group members depends on the specificity of the target study object. Participation of competent persons in such groups is very important.

3) How can we gain society's trust and involve them in the study process?

CBO board shall take into consideration the following:

Define in advance investigation target, work out strategy and recruit groups from the people who are more familiar with the work of community unions and trust them. A detailed instruction plan shall be prepared for the investigation group members, which will familiarize the team members with operational plan and periodical reporting forms for the implementation of the task. (See forms in the organizational management documents). After establishment of investigation team, CBO board members shall personally inform the community about the need to conduct investigation and give information about goals.

4) Creating Community Database

Proceeding from the community union goals, database shall contain information on the areas, that community union works to develop. The database shall include the following information on the following: situation in education system of the community; information related to social, environmental issues; individual farming; or other information needed to protect public interests; facts describing the conditions of community infrastructure; information, necessity for establishing business relations, etc.

To simplify the process of creating community database, special tables and systems are included in the manual. These tables will help to make resource and problem analysis process easier. Though it should also be stated that the given system or tables can not be a dogma and they may be modified as required.

Main goal of creating the database is promotion of performing community union aims in a simple and effective way. Respectively, database shall include detailed information about community resources: human resources, material and technical resources, raw/natural resources, information about infrastructure, its condition and problems.

Human Resources Database

a) Statistic Data

What is the aim of human resources database and how can we use it?

Database primarily helps planning team to work on community development issues and analyze the situation in a precise manner to work out effective strategies. Database will also be a great help for a team working on micro projects. Apart from other type of information, they will also need to know what kind of potential of human resources the community has. The database will also help to identify identities and/or number of target group representatives, their location, and whether they are available, etc.

Instruction on How to Fill out Database Tables

Human resources database is filled out according to the following categories: age group, gender. Since the migration level is very high in almost all communities, we must take into consideration human resources according to main age categories including people who left the community and moved inside the country or abroad (near and far). At the same time, we should know the number of households and their general characteristics, e.g. how many are marginal households (seasonal households), permanent households, pensioners or households with disabled members. (Form # 2, 3, 4).

b) Professional Resources

Information about professional resources, whether they are in their places/available, their age, advantages and disadvantaged (Form # 5, 6) We should also note that their professions are not confined only with people working for state and private sectors, or with high education, but also people having all different types of skills. For instance, crafts: who can make traditional cradles, salamuri (penny trumpet), panduri (stringed instrument), or people capable of treating with alternative methods, etc.

Assessment of strong and weak sides of skilled resources is made according to the following categories: their what physical capability/health, free time (are they employed, what time can they spend for public activity?; do they permanently live in the village, or do they have to travel to town for work?); their vision (do they understand public commitments, can they define their role in community development?); are they qualified enough and how long did not they work by their profession?; do they have information about new methods or technologies in their area of work. (It is desirable if you make an assessment per each individual separately).

Most Common Mistakes Made During Analysis of Professional Resources:

Irrationality is very common while assessing strong and weak sides of professional resources. For instance: in vision they write that the person is professional and in weak side – does not work by his/her profession for a long time. After a certain time all specialists lose their professional skills and a person is degraded in the professional way.

Accuracy of assessment is very important in the process of working out mechanisms of cooperation with volunteers. As the information changes, attention shall be paid to its updating from time to time. Analysis of strong and weak sides will help members of project team and board members to define their involvement with volunteers in the project implementation process. Through analysis of strong and weak sides, the community union members will find out about the kind of resources available and how much of responsibilities can be assigned to each of them.

It is necessary to define the types of social groups living in the community. The social groups may be qualified as needy groups (indicating the level which is considered needy), disabled, employed in state or private sectors, unemployed, (very often according to based stereotypes in the society, people consider themselves unemployed improperly. Though they are not employed in state or large private companies, they do not consider family farming as an employment, as they can't get sufficient profit from it. Instead of working hard to make it profitable, they seek other jobs outside their households). Apart from proposed categories given in the manual, CBOs may add other social categories. (Form # 7).

Human Resources Analysis

Form N 2

Gender	Age groups									
	1-5	6-14	15-18	19-25	25-30	31-40	41-50	50-65	66 and up	Total
Female										
Male										

Form N 3

Household Types in the Community			
Type	Permanent Households	Marginal Households	Only pensioners' or Unemployable Households
Quantity			

Form N4

Human Resources who Left the Community							
		Women			Men		
		Age groups					
		16-21	22-35	36-50	16-21	22-35	36-50
In the Country							
Abroad	Near						
	Far						

Form N 5
Classification of Community Households (Annex: List/Contact Information)

Profession	Quantity Total		Women								Men							
	Female	Male	Age Groups															
			20-35		36-50		51-70		Above 70		20-35		36-50		51-70		Above 70	
			Left	Local	Left	Local	Left	Local	Local	Left	Local	Left	Local	Left	Local	Left	Local	Left

Form N 6

Skilled (Qualified) Resources	Strong Sides	Weak Sides

Form N 7

Social Groups

Social	Women				Men			
	Age Group							
	20-35	36-50	51-70	Above 70	20-35	36-50	51-70	Above 70
Employed								
In Budget Sector								
In Private Sector								
Unemployed								
Unemployed								
Family Farming								
Owner of Small Private Business								
Pensioner								

Natural Resources and Raw Materials

Soil, fruit, vegetables, grapes, water (mineral and ordinary spring water), ore, forest, etc. are natural resources.

It's necessary to analyze potential or natural resources of community to develop effective and profitable projects.

It helps to create full picture for planning, find ideas for selection of options of profitable projects and at last, this analysis is necessary to choose effective strategies for development of personal businesses.

Analysis Form for Natural Resources and Raw Materials

Form №8

№	Name	Positive characteristics	Volume	Potential Product	Market Demands		Hindering Factors for Production of the Potential Products
					Internal	External	
1	2	3	4	5	6	7	8

Directions for completing the table

Separate forms can be completed for each type of raw material or resource. Write in each column:

- 1 # of raw material or resource. Numeration is necessary for accounting,
- 2 **Name:** Name of a raw material or resource, e.g.: grapes, apple (it's better to indicate varieties); coal, precious stones, etc.
3. **Positive characteristics:** determine such positive sides of raw materials, products or resources that distinguish them from other similar products and denote their advantages.
4. **Amount:** indicate the approximate amount of the product in the community (take into account that the product may belong to the private owners, but enter into the database only the total quantity).
5. **Potential product:** name potential product than can be produced from each variety. Indicate the use of this or that raw material (better to consider all alternatives) see form N 8^a as a sample.
- 6.7. **Market demand (domestic, external):** indicate demand in local and external markets for each type of product. (In case of absence of the precise data, it is possible to give general information: growing, high, less, don't know).
8. **Hindering factors for the production of potential products:** determine what hinders utilization of raw materials.

Most common mistakes while completing form N 8:

While completing the tables, the most frequent mistakes are made under the following headings: positive characteristics of the product, volume, market demand, hindering factors for the production of potential products.

In most cases, mistakes are made due to the lack of information. The members of the community unions should involve competent persons while working out this part of the database and in case of the absence of the information indicate “don’t have” or “don’t know”. For development of the future strategy of community union and for making a list of projects aimed at the organizational development of the community, this information will help them to determine and select the types of researches and the studies to be carried out in the specific community.

The aim of this analysis is to determine correctly the sort of resources that are in the possession of the community for achievement of project goals. The study will cover the conditions in which the resources are, and sort of problems expected to in the course of work. Based on the analysis the community union can also prioritize the problems that require more attention.

By presenting to you the samples of the database we tried to make analysis process simpler for you, but it should also be noted that these forms are optional and it does not exclude the possibility that analysis teams may elaborate some other creative approaches to the study. Therefore, it is possible and even desirable to make tables simpler and further develop them. It is very important to obtain the most possible detailed information about the subject under research, or find out what sort of information needs more details.

When determining potential products and hindering factors for their production, most common mistakes are caused by the narrow-mindedness of the viewing the questions and lack of professionalism. To avoid this, at the first stage of analysis some selection work should be done, namely, community union members should identify the type of information needed and the questions requiring more attention. It is always better to involve the specialists at the first stage of analysis.

To identify the factors hindering the product usage, you can use information taken from other tables: data obtained after the analysis of human, material, technical resources, existing industrial enterprises, and types of services and micro and macro environments.

Why is it necessary to know the total quantity of raw materials?

Community union may support sales of products. Research data will help them during negotiations with dealers and consumers as well as during selection of markets. At the same time completion of this form might help the local farmers and others in defining the ideas for business plans, to discuss possible alternatives, and kinds of products they can get from the existing resources.

While determining the potential productions and their hindering factors, narrow-mindedness of viewing the questions and lack of professionalism usually result into most common mistakes.

Form №8^a

Example of the Analysis of Natural Resources and Raw Materials

Type				Potential Product	Market Demand		Hindering Factors for Potential Products Production
№	Name	Positive Characteristics	Volume		Local	External	
1	2	3	4	5	6	7	8
1	Grapes (Isabela)	No spraying is needed and gives good yield in wild (on the tree) conditions Natural wine has medicinal properties	X T	Wine	Low	Low	Is not popular on the table
							No trust in quality (for medical treatment)
							Grapes are received in the receiving points for low price
							Not licensed for selling wine
				Vodka	оғд	High	Not licensed for selling
							Packing is not possible
							No trust in quality
				Grape juice	Low	?	No perspective to use the product
				Juice	Is not known	Is not Known	Its usage is not organised
				Sweet, alcoholic drink	Is not known	Is not known	Hand – made
							No trust in quality
							No license
				Tatara (thickened grape juice)	Is used in the family to make churchkhe la		Packing is not possible
							Hand – made
							Not licensed
(fruit juice) compote	Is used in the family	Is not known	Little trust from people				
			Home made				
			Not licensed				
			No conditions for making big amounts				

1.3. Analysis of Technical Resources, Enterprises and Organizations in the Community

Tables N 9 and N10 reflect the analysis of equipment, enterprises, organizations, economies or the facilities of similar nature existing in the community. Technical resources mean all sorts of techniques and equipment in the community with indication of their strengths and weaknesses. The following criteria may be considered by the community union: ownership of the technical facility/its availability for the community (whether it is in private or still in public ownership); availability of costs and expenses (how expensive it is/self-price, duration of its application); period when it is used; conditions in which the technical facility is currently (if you are planning to use the machinery, it is desirable to know in details the type of damages it has, in order to determine whether it will be possible to fix it within the project framework in case fixing of the damage is necessary).

Form N10 envisages all of those organizations that are on the territory of the village. e.g.: farms, mills, food processing factories, etc. The aim of this study is to determine the ownership of the enterprises, their present status, and output. During the soviet period some farms and enterprises were located on vast territories and today these territories might not be used any more for their primary needs. It is desirable to determine the perspective for their future application and the factors hindering it.

*ნაღესის ოფ ტეკნიკალ რესოურცეს
Form № 9*

№	Technical Resources	Strengths	Weaknesses

Form № 10

Analysis of Organizations and Enterprises

№	Name	Quantity	Private/ Public	Output	Status		Perspectives for Usage	Factors Hindering its Usage
					Strong	Weak		

4.4. Analysis of the Local Services in the Community

With the help of this table local services of the community are described and their strengths and weaknesses determined. (What is the status of the service available today, how well can it fulfill its goal?)

Examples of the types of local service:

- **Transport**
 - To regional centre
 - To district centre
 - To country centre
 - To the nearest big centre

- **Communications**
- **Post**
- **Electric power**
- **Television**
 - Permanent channels
 - **Availability of publishing houses**
 - **Water supply**
 - Drinking water
 - Irrigation water
 - **School/Educational establishments**
 - **Pre-school establishments**
 - **Houses for cultural events and permanent and temporary groups attached to them**

(Types of services might be added or taken out according to the specific communities)

Typical mistakes made during analysis of strong and weak sides of the service.

Quite often the function of the service is associated with its positive and negative characteristics. For instance, the fact that there is a TV service, is not its strength, but its characteristic. Strong and weak sides imply how well this service can cover broad geographic areas, what is the broadcasting quality, how many channels are available in the specific geographical area, etc?

It takes much time and a lot of funds to develop a detailed database. What should be done in order that the community union does not hinder the process of the community' development by carrying out a long-term research process over a long period?

Remarks:

It should be taken into account that it takes a long time to carry out this type of researches. Therefore, the Board, after making a general review, can carry out research in the areas, which requires prompt reaction. The rest of the information should be obtained in parallel with the activities adopted in action plans by the community union. And, the members of the research groups must be recruited from the geographical areas where the research takes place. Recruiting professional, skilled persons will decrease transportation will save the community union the time and extra costs.

It is desirable to attract young volunteers for work on the resolution of technical issues and collection of relatively simple information.

Analysis of local services
Form N 11

N	Type of Services	Strengths	Weaknesses

Sample form of local service analysis
Form N 11^a

N	Type of Service	Strengths	Weaknesses
	Post	There is a building, it has two staff members	Salaries are low (30 GEL), equipment is old, telephone system does not work, urgent messages are not received

5) Analysis of Community Problems and Needs

Part of information concerning the problems existing in the community will be identified during research period, when the community union analyzes strengths and weaknesses of different aspects of research targets and when it determines hindering factors. Nevertheless, there might exist many other problems in the community. Without their identification, it will be impossible to start the planning process of activities. Respectively, it is desirable that the members of the Board of community union select the team working on identification of problems and together with then the community union should study and analyze the existing problems. Below you will see the method for analysis of problems. During problem analysis it is important to pay attention to the reasons causing the problem with the aim to focus on finding the ways for elimination of reasons causing the problems. Otherwise they will appear repeatedly and it will be impossible to achieve the desirable changes. There are many models for problem analysis. We will suggest two of them, the Fish model (form 12) and Tree model (form 13). For both of them the preliminary period before the problem analysis is similar. We shall suggest several steps:

I step

Make a village map using the following criteria: areas that are presented in the specific village, for example: education, healthcare, services, farming (name each of them separately), infrastructure (road, electric wiring, school, kindergarten, communications, trading network, etc.)

II step

Make general determination of the priority spheres. Let's discuss the problems of education and more specifically, problems at schools. (Though it should be noted that for working out the village development strategy it is necessary to analyze all the spheres)

III step

Make a list of all the problems existing in the selected sphere applying the brainstorming method. This method implies noting of all the suggestions presented by the members of the work group without any comments.

Analysis of problems

(Suggested ideas, opinions are considered without any judgment of comments)

After identifying problems it is necessary to formulate them correctly. e.g.: there is no school building, there is no electricity, water, road in the village, we have no bridge, etc.

During presentation of this problem some formulations might show the exact picture of reality and some do not, e.g. we have no bridge. Sometimes it might really mean that there is no bridge in the village but the statement we have no water, does not give enough information about the problem. The absence of water may be caused by technical damage of pipes or some other technical problems, or there might be enough subsoil water, but there might not be enough wells. Carrying water from the nearest spring may be difficult for people. For finding the way out and for resolution of the problem it is necessary to find the exact reasons of problems.

We propose one of the options for resolving the problem:

Example:**Problem: School does not function in the village****I step:**

Describe the problem, what does it mean that school does not work? What is the reason for this? Is the existence of the problem caused by the absence of a building, absence of teachers or their low qualification, or there are no school age youth in the village and there is no need for the school to function?

If the reason of the problems is in the school building, then describe the damage in details. e.g.: the roof is damaged. Describe how many square meters of the roof should be repaired and the character of the damage: X metre² of the roof is damaged, X number of beam and timber on X metre² should be replaced, and the whole roofing is to be repaired, total: Xmetre².

During the project development, the greatest problem is determination of success indicators and predicting possible outcomes. The reason for this difficulty might be the improper formulation of the problem and absence of the results of detailed research and analysis. As a rule, the existing problem does not have only one reason. One of the reasons for ineffective functioning of the school may be one of below-mentioned groups of reasons.

II step

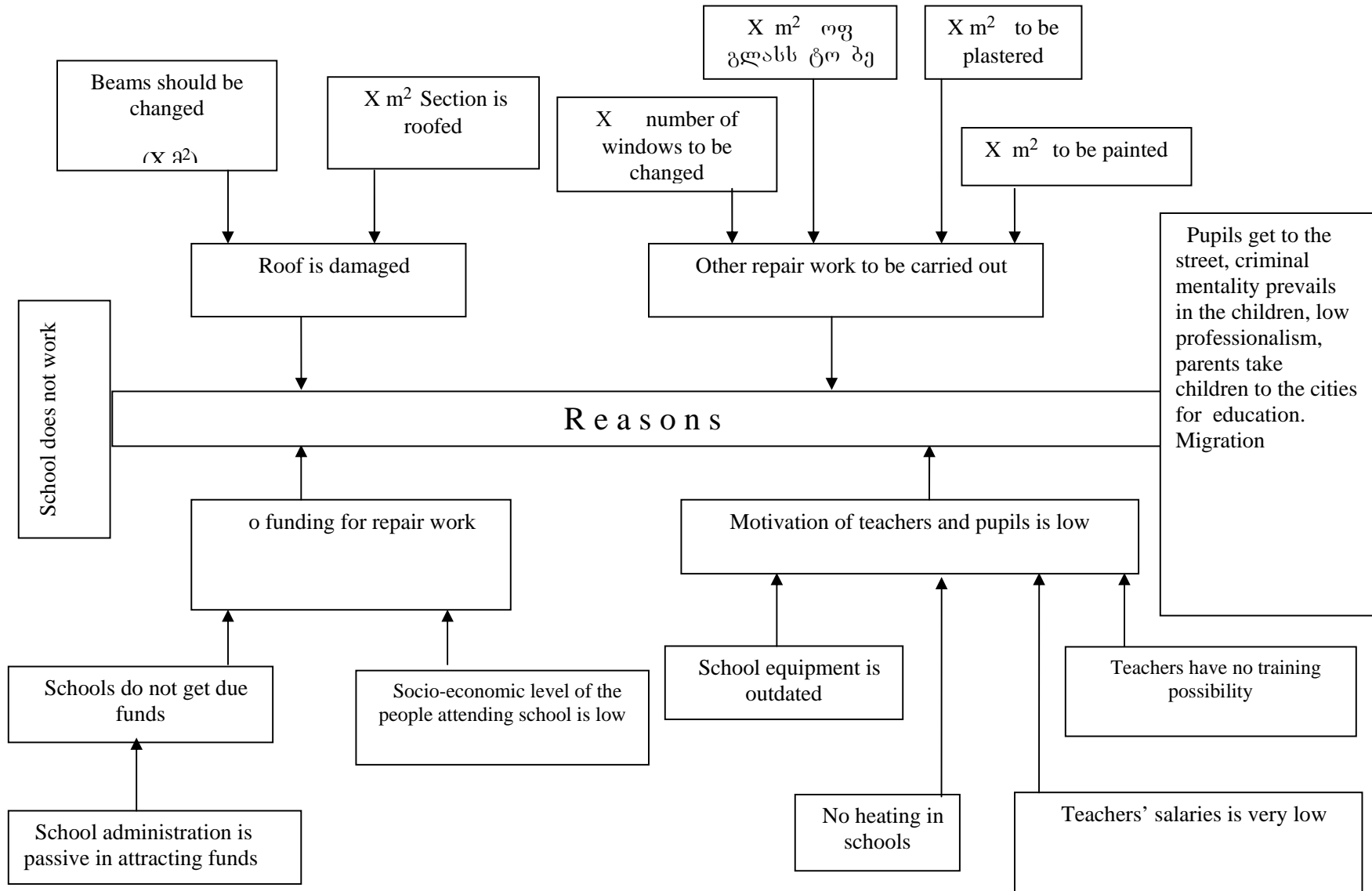
After identification of specific problems, all the problems connected with failure of the school to function are being determined (it is desirable that in the discussion of this problem some competent people, like: school representatives, parents and builders take part). Write down all these problems on separate pieces of papers.

III step

List these problems according to the cause and effect arrangement. In this case you can apply two methods: fish or tree problem models. Effectiveness of the models depends on the level of convenience, that is how comfortable you feel with this or that model. The main aim for application of these models is that you want to receive the fullest possible picture about the specific problem.

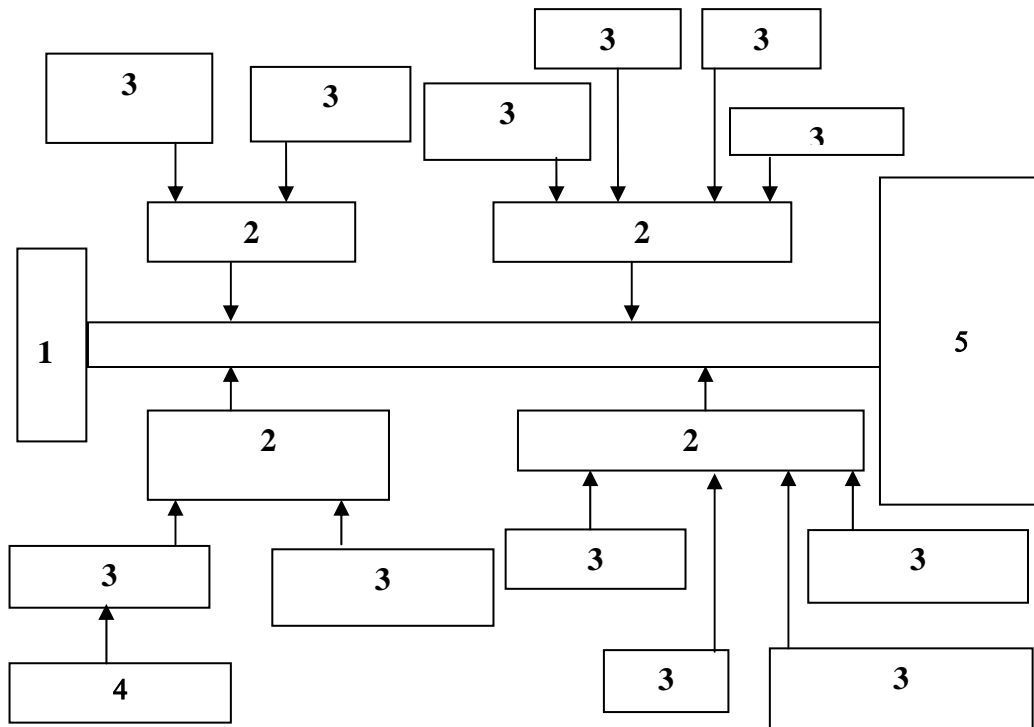
Take into account: if any of the reasons is incorrectly or inaccurately determined, then it will be impossible to find the effective way out.

Form №12
Problem Analysis
Fish Model

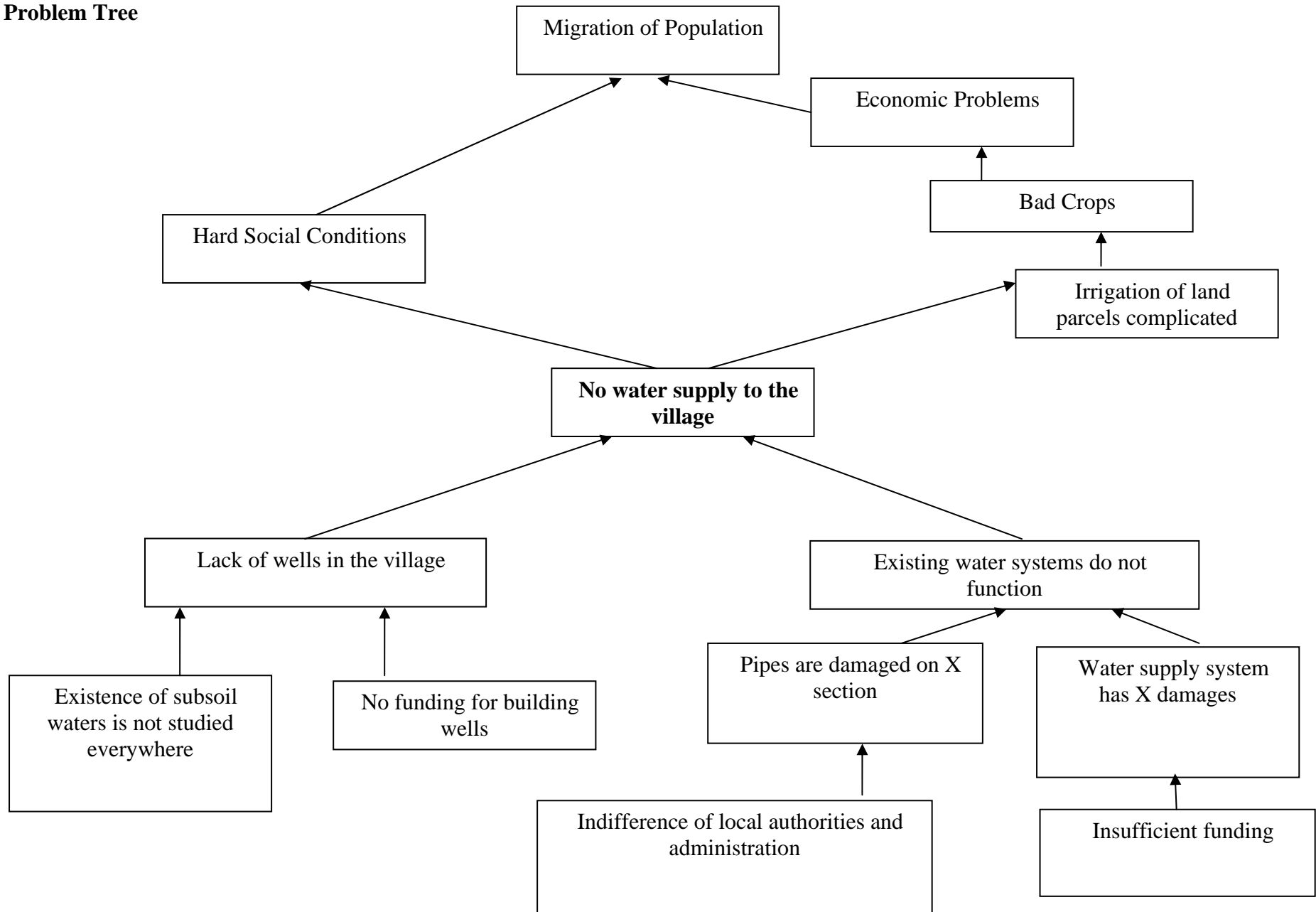


Definition of Fish Model:

1. Main problem
2. One of the reasons causing the problem
3. One of the causes of the reason
4. What is the reason for causing reason
5. Results caused by the cardinal problem



orm №13
Problem Tree



Remarks:

During analysis of specific problems it is easy to make detailed description of the problem but the community union will also have to work out general strategy for its development. With this aim it will be necessary to scan problems in detail and determine the cardinal problem. As we have already mentioned we see mainly the consequences caused by the problems, the results have their own reasons and cause-and-effect relation with each other. It is impossible to develop the plan for resolving the problem if we do not find the reason causing the problem and if we do not make a detailed analysis. One of the methods for determining the cardinal problem is to group the listed problems according to the similarity. It is possible to ask a question, why does this problem exist? What causes this problem? Or one can group the problems and find the cardinal problem according to the existing results.

During the problem-solving process pay attention to the following: solution of the problems should be oriented towards eradication of the reasons causing them. If you are oriented only towards the result and you miss any of the reasons causing the problem, then you face the threat that the problem will reappear.

6. Analysis of the Groups of Interest

The obligation of the Boards of CBOs/community unions is to determine in advance possible obstacles in the community development process and the question of involvement of the community members in it. To achieve this, it is necessary to make analysis of the groups of interest and to find out what is the impact of the problem selected by us on them and whether its resolution will bring positive or negative results.

How should the groups of interest be determined?

Groups of interest might be easily determined if we answer the following questions:

- What should the planning group members know? Whose knowledge and experience should they share?
- Who will make decision concerning the development of the community?
- Who will be responsible for implementation of these decisions?
- Whose active support might be necessary for development of the community?
- Who is eligible to take part in this process?
- Who might be discouraged by the work on the development of the community?

How should the attitude of the interest groups towards the problem to be resolved be determined?

After determining groups of interest you can determine what is the attitude of each interested side towards the problem, why are they interested or not interested in this problem, what is their motivation in solution or non-solution of the problem and what capabilities they might have for doing this.

Form №14

Groups of Interests	What is the influence of the problem on these groups?	
	What profit does the existence of the problem bring to them?	Why would not they want that the problem existed?

Form №15

Group/s of Interests	What is the influence of the interested parties to take part in the process of resolving problems of CBOs?	
	Possibilities	Motivators

How does the analysis of the interest groups help us?

The analysis of the interest groups will help in determination of the following issues:

- The interest of the interest groups towards the problem resolution and their possible participation in the process of problem resolution.
- Preliminary determination of the possible conflict of interests of interest groups, which might have its influence on the effective resolution of the problem and be presented as a risk factor.
- The existing and potential relations of the interested sides that might become one of the conditions for success.
- It will create basis for partnership relations between the interest groups in resolution of problems.

How can the obtained information be used in practice?

On the basis of the above-mentioned analysis you can develop the mechanism for work with the interested parties. From # 15 will help you to do this.

Form №16

Interest Groups	What is their contribution?	What is required for their continuous participation in problem-solving?	Respective mechanism for participation

Remarks:

The analysis of the interest groups will help you:

- I. To select effective strategy for work with the volunteers. Involve the interest groups in the solution of the problems, which they can facilitate and are within their interests.
- II. To determine the share of co-financing, determine correctly the amount of share and show the interested parties their interests and profit, which they get after resolution of the problem.
- III. To determine in advance those threats (risks) which might arise from the side of interest groups in the process of problem resolution.

7. Transformation of problems into goals

After analysis of the problems, whether it is done through the fish or tree model, goals are determined. These goals are needed for determination of CBO's vision, its mission and strategic goals. To achieve this, you will need to transform each problem identified in the model of problem analysis (both results and reasons) from negative to the positive category, e.g.:

Problem	Goal
No water in the village	Supply the village with water
Lacking of wells in the village	Digging X wells in the village
Subsoil waters are not studied	Finding new subsoil waters
No funds for building wells	Finding resources to build wells
Existing water systems do not work	Repair of the existing water system
Pipes are damaged on section X	Repair of pipes on X section
The water system itself has X damages	Repair of X damages of supply system

8. Determination of the Vision of Organization and its Mission

Vision of the Community Union/CBO

The vision of the community union/organization is the belief and values of the community union/CBO, which they should achieve over certain period of time. This is a dream which the community wants to come true.

It happens quite often that during planning of the organization no attention is paid to the correct formulation of the vision. It creates problems for creating a full picture, determination of values, life standards. During formulation of the views or dreams of the community unions, the participants of the seminar confined themselves with settlement of everyday problems, e.g.: good roads, water and electricity for 24 hours, functioning of all TV channels, well-furnished houses, profitable farming, possibility to get good education. It happened very rarely that these dreams went beyond everyday problems, e.g.: mechanized farm, clubs, cinemas and theatres in the village. Nobody mentioned swimming pool and sport centers, etc.

Such vision of the development of the village provides us with the information about what the community priority is and what the community union should plan as a strategy for implementation during the nearest five year period. Development of the standards of dreams gives possibility to enhance the well-being of the village, prepare basis for planning better standards of higher living standards for future five or three year period. It will be better if community unions will get acquainted with the video materials about the life in villages in the developed countries, to see the kinds of economies they have, their well-furnished houses or the level of living of the village itself.

After creating a general dream picture it will be possible to determine:

- what sort of success the union/CBO will have in five years
- what union/CBO members want to achieve
- what the status of those issues for which the union had been set up will be

Mission of Community union/CBO

Formulation of the mission of organization is the statement about organization or union. When the organization vision for the nearest five or three year period is already determined, it is desirable to determine what the organization's resources are and respectively, what the community union can do, e.g.: determine who you are (name and geographic area of activity), what is the reason for existence of your organization, formulate why you are unique, what you are doing for implementation of your vision?

When You Formulate Vision or Mission, Take in Consideration the Following:

1. Do not use slang, the language for formulation of mission and vision aims should be simple, clear and direct. This is a business card of the organization, therefore it should clearly show the needs of the community union, and the way it works. It is also to be taken into account that the text should not be very long. It should contain maximum 45 words. Sentences should be constructed in active voice rather than the passive voice.

All members of the union/organization should take part in the formulation of the mission. If the community union includes a big village with many households in it, it will be better to divide them according to the regions and include them in some form in the formulation process of the vision and mission.

2. The vision and mission should be understandable for the whole community. It should contain the goals and activities implementation of which is clearly understandable by each member of the community. (At first sight it seems very difficult, but the core group working on the vision and mission should try to find as many arguments as possible for strengthening their options. This sort of approach will simplify the planning process.)
3. After final edition of the vision and mission post it on the most visible place. This will help the members of organization to keep the planned course.
4. In the course of time revisit the mission and in case of necessity introduce some changes.

As an example please see the vision and mission of Imereti Youth Union.

Vision:

Democratic, politically and economically stable Georgia

For realization of this vision, Imereti Youth Union takes responsibility, based on its possibilities, to fulfill the following mission.

Mission:

Mission of the Imereti Uouth Union is to assist youth in Imereti region to develop their skills apply acquired skills in practice in order to become effective leaders in their communities and to meet professional demands of non-governmental and business sectors.

III. Planning

Necessity for planning is well expressed by the following phrase: **“If you fail to plan...You plan to fail!”**

1. Determination of strategic goals

What are the positive sides of the resolution of problem through strategic approach?

Strategic approach to the resolution of the problem implies complex approach to the resolution of the problem. It happens quite often when the CBO carries out the projects only according to the programs established by the donors. In such cases it is not possible to resolve the problem timely what in its turn causes appearance of new groups of problems. The following depends on the correct determination of the problems:

1. Quick and effective resolution of problems,
2. Seeing the effectiveness of coalition approach towards different problems, which in its turn helps to activate community and its development.
3. Motivation of the community union staff.

How Should we determine Strategic Goals?

Strategic goals should show the full picture for settling problems, it should help a person to clearly see what will be the consequences of specific actions. If detailed analysis of the problem is carried out, then it will be possible to determine real reasons and connections between reason and consequences caused by

the main problem. On the second stage by transferring problems into goals it will be obvious how to resolve this or that problem.

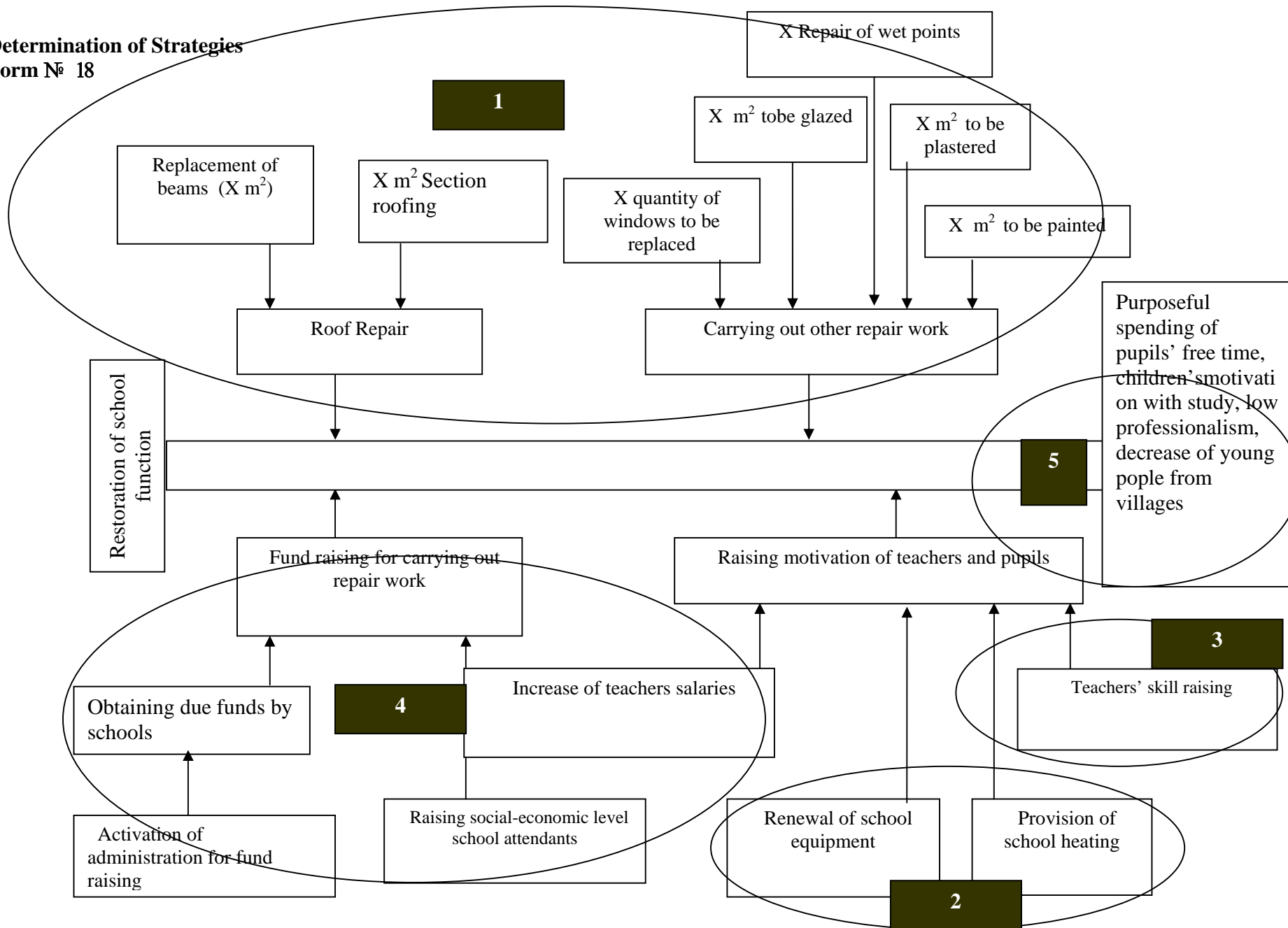
For visualization let's discuss the strategy formulation characteristics of analysis of the given problems on the example of the fish model (forms N 12 and 16). As we have mentioned during analysis of the problem, it is necessary to resolve the problem through eradication of its reason. Nevertheless, there are cases when the results coming from the main problem require prompt reaction. For example, in the results of the analysis of the problem suggested by us, the problem is the migration of young people and we have established a goal to decrease the migration. If we take into account that restoration of school functions is time-consuming, it is possible that most of the students leave village during the restoration period. We see the necessity of prompt reaction to this problem and together with the rehabilitation measures some efforts should be applied for employment of young people.

Let's return back to the forms of goals. Group the goals according to the similarity, e.g.: for achieving a goal, the following works should be carried out: school rehabilitation, fundraising for school, teacher trainings, renovation of school equipment, provision of heating for school, and etc. Fundraising may have its impact on teacher salaries. Therefore, the following strategic goals became clear:

1. School rehabilitation work
2. School furnishing (equipment, heating)
3. Teachers trainings
4. Improvement of school's financial situation
5. The principle for formulation of the fifth strategic goal see below.

See Form #18

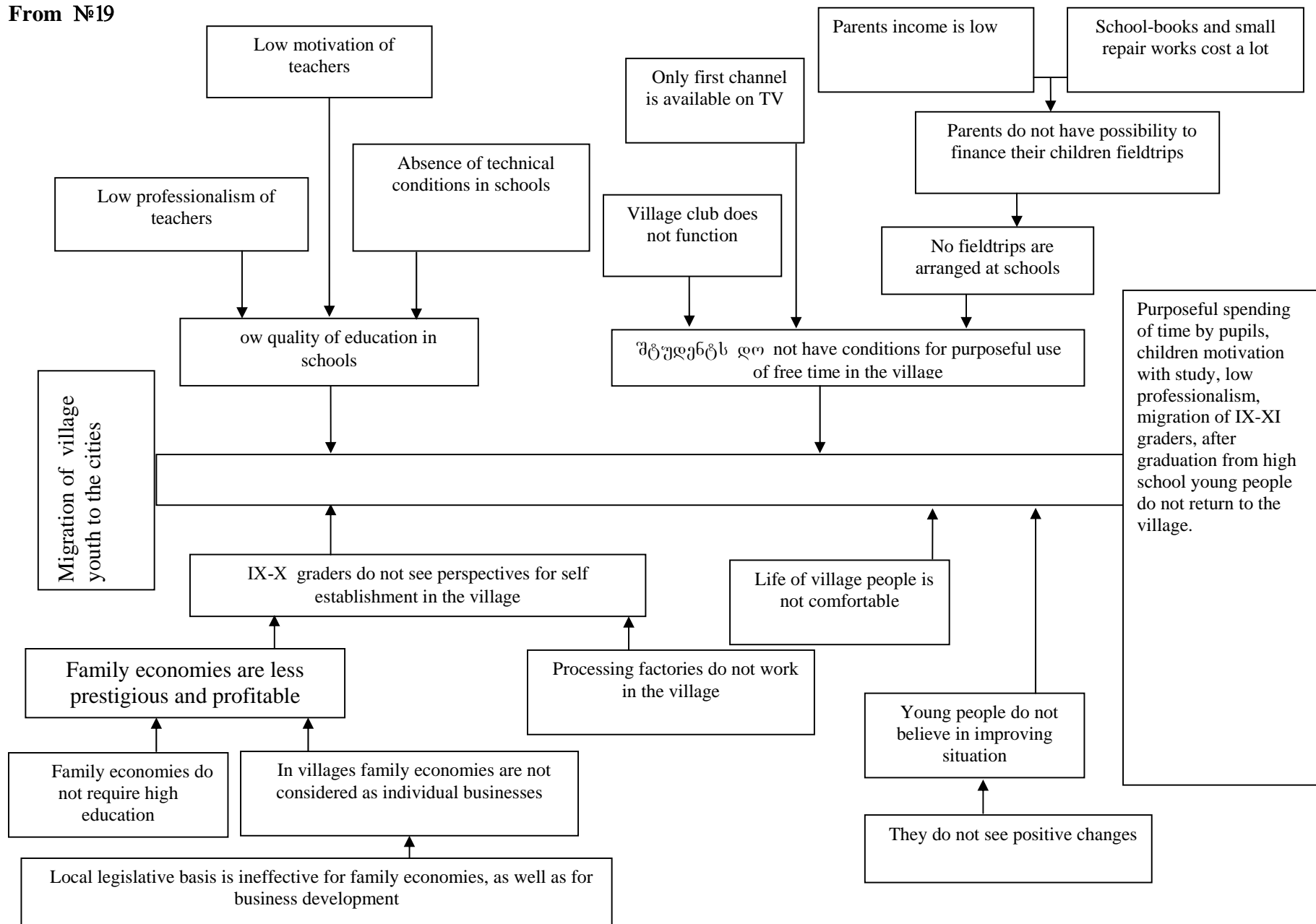
Determination of Strategies
Form № 18



How to determine parallel measures to be carried out to react on consequences caused by problems?

As it has been noted above, it is necessary to react on the migration of young people in order to stop it. What are the strategies and ways for achieving this? For this it will be good if go deeper into the problem and try to consider it specifically based on the reality of the topic. For this it will be useful to take to pieces this problem with the help of a fish or tree model (see form N 19) Due to it that this problem is not your main problem, it is possible not to carry out turning problem into the goals, but based on the analysis of the problem define requirements, which will help stop migration of pupils and young people. After the detailed analysis of the problem it will be clear that the reason for migration of young people is not only low quality of education and badly furnished school but the absence of the possibility of self-realization of young people in the village and the fact that it is not interesting for them to stay there.

**Emergency Response Problem Analysis
From №19**



Let's return to the strategies developed in Form N18 and consider the problems in connection with young people migration that can be eliminated:

Form №20

Method for determination of strategic goal

№	Strategic Goal	Outcome
1	Carrying out of rehabilitation work in school	Newly repaired school will arouse positive feelings in school children. Students will see that positive changes take place at school
2	Furnishing school (equipment, heating)	Classes will be heated and new school equipment will cause more positive emotions in school children Equipment of school rooms with necessary teaching materials will simplify effective studying
3	Teachers professional training	Lessons will become more interesting, education level will be improved and it will exclude necessity to get education in the city
4	Improvement of school financial situation	Transfer of funds to schools allocated by the state and issuing schoolbooks to students for low price will reduce the amount of money issued by the parents for repair work and school manuals. Parents will have more funds be finance fieldtrips of their children. If the school carries out profitable projects for school, it will bring additional income to school, which will make possible to increase teachers' salaries. This will improve motivation of teachers and improve the education quality
5	Strategic Goal	
	Goal oriented participation of pupils as volunteers in the implementation of the project	Student involvement in school will be increased if they help project group in definition of student needs; pupils will fulfill simple volunteer works and through this: a) They will help project group; b) They will themselves acquire new experience; c) Spending of free time will become more goal-oriented; d) Pupils will have stimulus to participate in implementation of other projects of community union, through which they will see perspective for self establishment

2) Search of resources necessary for carrying out strategic goals

After determining the strategic goals, it is necessary to determine requisite resources for each goal. It is easier to do this in accordance with the form 21. Let's consider as an example the strategic goal # 1 given in form 20.

For completing this table it is necessary to make a detailed research for rehabilitation works and determine exactly what sort rehabilitation works should be carried out, what sort and what quantity of materials will be needed, etc. The given resource research system simplifies the planning process, implementation of strategies and determination of efficiency, writing project on the next stage and setting up a detailed budget. Resource research implies studying of all the necessary human, financial and material resources. Per type of resource should be determined requisite, existing and supplemental resource.

Manual for completing the table:

1. Human resources

In the column "requisite" human resources (See form # 21) you should list all those human resources, that are necessary for implementation of the project. Therefore, it is useful to determine generally what sort of activities should be carried out for achieving this strategy and then how many people and of what professions you will need to involve in the required activities to implement the strategy. Problem analysis will help you in this. After "requisite resources" in the column "existing" list which resource is available in the community according to the database, in the column "to be supplemented" list what sort of human resources should be attracted from outside.

2. Financial Resources

In the column "requisite" you should indicate all activities, for which financial resources are spent during project implementation. The list of activity will be very helpful to determine requisite activities and services for which it is necessary to pay money. After determining requisite financial resources, in the column "existing" indicate the activities for which the community's resources will be contributed. Use the database. A part of salaries or a part of materials, which will be brought in by the interest groups as their own contribution may qualify under the column "existing". And, in the column "to be supplemented" indicate the amount of funds needed from external financiers.

3. Technical Resources

In the column "requisite technical resources" indicate all those materials or technical facilities that will be needed for carrying out activities for implementation of the project. In the column "existing" lists those resources, which will be contributed by the community in accordance with the database. Like transport of some materials, which will be brought in by the interest groups as their own contribution. In the column "to be supplemented" list the type of technical resources you will have to purchase using external funding.

Determining Resources Needed for Implementation of Strategic Goals

Search System for Resources Required for Implementation of Each Strategic Goal								
Strategic Goal №1: Carrying out School Rehabilitation Work								
Human Resources			Financial Resources			Material Resources		
1			2			3		
Requisite	Existing	Supplemen- ted	Requisite	Existing	Supplemen- ted	Requisite	Existing	Supplemen- ted
1.1. X Construction engineer		1.1.	2.1. Workmen and maintenance workers salaries	2.1 50%	2.1. 50%	3.1.. X beam	3.1.	3.1.
1.2. X Tinsman (to cover the roof)	1.2.		2.2. Transportation cost		2.2.	3.2. X tin for roof	30%	70%
1.3. X Carpenter			2.3. Funds for X amount of construction material		2.3.	3.3. X nails		3.2.
1.4. X Glazier	1.3.		2.4. Funds for X amount of pipe materials		2.4.	3.4. X glass		3.2.
1.5. X Driver	1.4.					3.5. X timber		
1.6. X Plasterer	1.5.	1.6.				3.6. X cement	3.4.	
1.7. X Painter						3.7. X sand	3.5.	
1.8. X Maintenance worker	1.7.					3.8. X alibaster and	3.7.	3.6.
1.9. X Plumber	1.8.	1.9.				3.9. X paint		
						3.10. Xchalk		3.8.
						3.11. X օձյ Materials for water, X pipes, X lavatory pans, X taps, etc		3.9.
								3.10.
								3.11.

3) Local and external environment analysis of the organization (SWOT Analysis)

Analysis of local environment

After determination of the community union strategies, it is necessary to define the capabilities (potential) of community union, knowledge of organization's external environment in order to implement strategic goals. The questions to consider are: How will the events taking place in the country influence implementation of strategic goals? What possibilities might appear for the organization during cooperation with their partners or competitors or what conflicts might arise while working with them? Until the organization obtains full information concerning the local and external environment, it is impossible to determine requisite tasks for implementation of strategic goals.

SWOT Analysis method is often used for determining local and external environment of the organizations. **SWOT** is English abbreviation and means:

Internal environment	Strength	
	Weaknesses	
External environment	Opportunities	
	Threats	

In order to assess organization's internal environment, its strengths and weaknesses should be assessed. For this assessment sources should be defined. In the chapter "Peculiarities of community union's development" we shall discuss organization requirements on different levels, different evaluation forms, which clearly show development requirements of organizations at different stages of their development. At this stage evaluation should be carried out with the help of the same sources only for determination of organization strengths and weaknesses at different levels, so that during planning period of the project you do not set such tasks, which organization can not carry out. Likewise, weaknesses should not hinder achievement of the results foreseen by the project. Using the evaluation forms it is possible not only to evaluate the organization, but to determine its development level.

ნაღესის ოფ რგანიზაციონ'ს ინტერნალ ნვირონმენტ

Form № 22

Organizations	Strengths	Weaknesses
A: Governance		
1. City Council		
2. Mission/Goals		
3. Legal Status		
4. Users (most deprived)		
5. Leadership		
B: How is management carried out		
1. Organization structure and organization culture		
2. Planning		
3. Administrative procedures		
4 Risk management		
5 Program reports		
6. Human resources		
C. Financial Resources		
1. Accounting		
2 Budgeting		
3. Stock control		
4. Financial reporting		
5. Expanding financing base		
D Services		
1. Evaluation		
2. Consumer contribution		
3. Marketing and promotion		
E. Eternal Relations		
1. Relations with users		
2. Cooperation between community and non-governmental organizations		
3. Cooperation with local government		
4. Cooperation with funding organizations		
5. Public relations		
6. Local Resources		
F. Life Longevity		
1. Programs viability		
2. Organizational viability		
3. Financial viability		
4. Resource viability		

Analysis of External Environment

The efficiency of activities of all organizations depends on those external conditions in which it has to work and exist. These external conditions and current circumstances sometimes have positive and sometimes negative influence on the organization. For analysis of external environment, it is divided into micro and macro environments. Macro environment covers political, economic, socio-political, technological and socio-cultural areas, while micro environment envisages partners, donors, business rivals, government bodies. The goal of analysis of external environment is to determine what opportunities and threats this or that event might have for your CBO.

Instruction for macro and micro environment analysis:

I step

Explain what each level means:

For example:

Political level

Country governance, arrangement,
internal and external course

Ideology, vision

Freedom level

Legislative basis

Economic level

Finance/income and
Expenses

Budget

Real income

Basket

Internal and external relations
Stability level

Partnership suggestions
Market

Employment, salary

National income

Rate of national currency

Socio-political level

People activity/vision, self-consciousness, awareness

Technological level

Internet, information technologies, new technologies in agriculture

Socio-cultural level

Traditions, customs, etc.

II Step

I. Determine the events taking place today on each level (Form # 23)

III Step

Formulate the positive and negative impacts of these events on the implementation of your strategies.

Which events will create further possibilities and which events might create threats (Form # 23 columns 2,3).

Take into account that each event can pose possibilities and threats for development of organization strategy. Preliminary determination of this will give you possibility to select such tasks for the strategic goals determined, which will really bring you to implementation of set strategic goals. The example given below discusses analysis of external environment for strategies listed in Form # 21.

Analysis of External Macro Environment (Example)		
Event	Opportunities	Risks
1	2	3
Political Level		
The country is undergoing some radical changes and the central budget spending is audited. The education system reform is given special priority. The relations between Russia and Georgian are getting to a new stage and the prospect of establishing cooperation has become tangible.	<p>It will be easier to identify shortfalls in allocating money to the school.</p> <p>The education system reform will improve the quality of education received in our school.</p> <p>It will be easier to export agricultural products to Russia, thus increasing the population's income.</p>	The Budget might not have the required funds. It might take the new minister a long time to review the reform, therefore implementation of the necessary measures might be delayed. The changes might lead to chaos.
Economic Level		
The State has started replenishing the Budget by collecting due liabilities owed to the Budget.	The school will be able to receive the due funds. Part of the debts due to pensioners will be covered slightly improving the economic condition of the population in the rural area.	The money collection process might be delayed. Small entrepreneurs involved in illegal operations will close their businesses, reducing the community input.
Social/Political Level		
People regained the confidence in their power.	The organization has some supporters who will be able to assist the school in getting the due funding.	The population is tired and additional activeness might cause aggression.
Technology Level		
Rapid development of new information and communication technologies.	The quality of teaching at the school will improve as a result of an effective work carried out by the Organization and introduction of new technologies.	The Organization might find it difficult to follow the events and carry out necessary changes with regards to the development of information technologies.
Social/Cultural Level		
A stereotype belief that it is shameful to demand due payments from the State will disappear.	People will become more active in demanding protection of human rights by the local governments.	Some individuals might use this activeness to achieve their private goals.

The analysis of external micro environment enables the Organization to determine the opportunities and risks related to the cooperation with partners, donors, competitors and government authorities.

Guidelines to Fill out the Table:

Please, specify the following information regarding each level (partners, donors, competitors and government authorities):

1. What events are taking place that are related to the strategy you have set?
2. What opportunities do you get as a result of these events?
3. What are the risks caused by these events?

NOTE:

Several events might be taking place at each level and all events do not necessarily have to provide both opportunities and risks at the same time.

Form № 24

Analysis of External Micro Environment (Example)		
Event	Opportunities	Risks
1	2	3
Partners		
<p>An x Community Union works on training school teachers and improving teaching methodologies</p> <p>X NGO carries out the Education Monitoring Project and reveals the shortfalls in budget financing of schools.</p>	<p>(Our project is involved in school rehabilitation) The partners will provide training for teachers.</p> <p>Also, they will assist in getting the due funds for the school.</p>	<p>Inefficient implementation of their project will have a negative impact on our image.</p> <p>The school administration might be involved in corruption regarding the school funds.</p>
Donors		
<p>CARE - The project is being closed down.</p>	<p>The project is being closed down. They are willing to extend it, looking for new ideas.</p>	<p>Our project might not be in line with their directions. They might not choose a new direction because the project is closing.</p>
Competitors		
<p>X NGO works on a rehabilitation program and is willing to carry out a similar project in our school.</p>	<p>In case of a coalition project, our classrooms could be refurbished within the project, while we could do the remaining refurbishment work.</p>	<p>Is not very familiar with our reality, therefore the program will not address our needs while the donors might select them due to their reputation.</p>
Government Authorities		
<p>The Education Department is undergoing some changes.</p> <p>The local government is trying to do something positive to keep up with the changes.</p>	<p>The new management will try to find a new approach and support our proposals.</p> <p>Could assist in the implementation of our project as a pilot project.</p>	<p>We can not be sure regarding the competence of the new personnel. Incompetent personnel might carry out a superficial reform and the time will be lost. Might be scared of revealing their shortfalls and thus become an impediment.</p>

4. Determination of Strategic Goals

After the internal and external environment analysis, alternative goals of each strategic task can be defined. Please use Form # 25 in order to simplify this process. (As an example, several goals are defined for one strategic task that has already been reviewed).

Guidelines for Fill out the Table:

1. Define alternative goals/ways that will allow you to achieve the strategic goal.

The goal must be concrete, measurable and real, with time deadlines set.

2. Determine in advance what kind of changes will take place after your task is implemented (How will it impact the existing problem?)
3. Estimate the implementation feasibility. What are the strong internal qualities that will promote the implementation; what are your weak points that might become an impediment? What are the micro and macro processes going on and their positive impact on achieving the goals?
4. Assess risk factors; based on the analysis of internal and external environment, determine what might be the obstacles for the project implementation.
5. The goals that are easier to implement and have lower risk factor or there are ways of avoiding risks must be specified in this column.
6. The goals that are more difficult to achieve, have high risk factors and the improvement is less likely available by the strong points and efforts of the organization must be specified in this column. But it must be noted that refusal does not mean that the task should not be implemented. It might be that the task is achievable in cooperation with other organizations or by other organizations working independently. If the task is important for you from the strategic point of view, select a possible partner or help your competitors to implement the task.

E.g.: Form # 25, Task 1: the risk factors show that most probably the organization will not be able to receive due funding from the government authorities since it does not have the relevant expertise (this must be evident from the internal weakness analysis). The analysis of external factors shows us that there is another institution working on this issue. It will be expedient if the organization approaches the above institution for assistance in implementing this task. After all, the project implementation will be more realistic if the due funds are received.

Please Remember:

A complex approach is necessary for solving each problem. The causes of these problems must be addressed simultaneously.

Matrix for Determining Strategic Goals					
Strategic Goal 1: School Refurbishment					
Strategic Goal	Impact, Change	Implementation	Risk Factors	Decision	
				Yes	No
1	2	3	4	5	6
Find x GEL for school refurbishment for the year x, month x	The funds allocated by the government for the school rehabilitation will be mobilized. Local authorities, businessmen and parents will fill in the gap.	The political situation in the country gives us an opportunity to receive X financing from the State. Local government authorities are trying to do something to keep up with the changes and help us.	Due to the economic difficulties, the community might not make an input. The local government might be reluctant to reveal its shortfalls and create obstacles for us to receive the due funding. Our organization has no leverage to put pressure on the government.		X
Refurbish part of the school roof for the year x, month x	The water will not penetrate from the roof into x number of classrooms. Consequently, the ceiling and walls will not be damaged any further and x number of classrooms will become available for classes. The refurbished area will not be damaged by water leaking from the roof.	X number of persons, X amount of funds and X amount of material resources are needed to achieve the task. 70% of human resources can be provided by the community.	The quality of work carried out by the workers might not be satisfactory. The Community's input might decrease due to economic problems. The local government might refuse to allocate funds.	X	

IV. Organization

1. The Importance of Effectively Organizing the Community Union's Efforts

Community union boards are frequently involved in execution of projects, rather than conducting their supervision. The seminars arranged for the community union leaders demonstrated that wrong organization of activities is one of the reasons for this shortfall. Correct organization means that the plans are properly implemented, actions determined and responsibilities for achieving the goals differentiated. Actions and responsibilities must be coordinated by the relevant structures. The activity must be organized in detail and provision of the needed resources and materials coordinated.

Some of the conditions of correct organization are: detailed action plans, reports, efficient internal and external communication systems and mechanisms.

If the CBO Board works out an action plan based on the database information, problem analysis, analysis and strategies of interest groups, it will be able to achieve the following:

1. Membership will be stable and functional;
2. The supervision and management roles of the Board and managing body will be differentiated in a better way;
3. A simple management and control mechanisms will be worked out.
4. To achieve its mission, the Organization's course defines: a strategy for attracting funds; implementation of financial supervision; leadership of public relations and lobbying of public interests.
5. The Organization will represent the interests of different interest groups and take into consideration private motivations while planning the activities.
6. View the interests groups as co-sharers of the organization and its activities and not just consumers.

How to Develop an Effective Action Plan?

The action plan must satisfy the following requirements: It must be detailed, laconic and the wording must be clear. Separate action plans must be written for each strategic task and goal and contain the following components: 2. action, 3. responsible person, 4. expected results, 5. list of necessities for the task implementation, 4. expected implementation dates, 7. detailed budget, and 8. source of financing.

1. Numeration of activities must be written in the first column.
2. Column "Activity" must contain all the steps necessary for achieving the goal.
3. Column "Responsible Person" must contain information on who is in charge of each particular action (at the initial stage of the action plan, it is not necessary to name persons. On the contrary, it is better to determine staff positions).

The second and third items of the action plan might help to specify the needs and results.

4. Determination of “Expected Results” helps to provide more detailed information regarding the action outcomes.
5. “List of Necessities for the Task Implementation” contains a predetermined list of all necessities for each activity.

NOTE:

The needs and results must be clearly determined when the responsibilities are defined. This will help to carry out delegation of powers / authorization necessary for the implementation of activities, efficient communication, reporting, monitoring and control.

6. Column “Timeframes” contains information regarding the projected periods approximate days or weeks needed for the implementation of each task.
7. Column “Detailed Budget” contains detailed information regarding the required financing for the implementation of each task.

NOTE:

At the time when the working plan is being elaborated, community union Boards might not have complete information on financing. In this case the column “Detailed Budget” must contain the list of necessities that have to be financed in future. Later on an authorized person will be responsible to come up with accurate numbers.

8. Column “Sources of Financing” will contain information regarding the projected sources of financing each task.

NOTE:

In order to fill in the Source of Financing column, the Board must develop a strategy of attracting funding (for the Strategy Development Method see Chapter “Attracting Funds”).

Strategic Target 1: Performance of rehabilitation works of the school

Strategic Goal 1: Roofing of X part of the school building for the month X of the year X

№	Action	Responsible person(s)	Potential Results	List of necessities for performing the action	Terms	Detailed budget	Funding
1	2	3	4	5	6	7	8
1	Agreement about repair works with the school administration	Chairman of Board and Project Coordinator	Agree on work hours. How many persons can be selected as support workers from the craftsmen in the village. Who are parents out of this group. Agree on work conditions (feeding of workers, existing supply of necessary tools in the school), warehouse space during the work and its protection	Human resource database, list of tools and conditions required for rehabilitation works. Number of support workers and criteria of selection, types of craftsmen needed and their quantities.	X day	Stationery	Membershi p fees
2	Staffing of the rehabilitation group	HR Instructor	Forming of a rehabilitation group (X ნემბერო ოფ support workers, X tinsmith, X engineer, X driver, X purchase officer)	Description of qualifications, selection criteria (required skills of the rehabilitation group members), types of agreement (including work conditions and responsibilities), human resources database (analysis of strong and weak sides of professional resources), list of candidates presented by the school administration	X week		
3	Performance of purchases	Purchase Officer and Financial Manager, Engineer	ურცვისი ოფ X m ² building woods, boards, sheet metal X kg X size nails	List of required items, information on potential sellers (for bid analysis), transport, support workers (for loading and unloading)	X week	Transport and communication expenses	Project cost

(ჩონტიანულ ფორმ ორმ № 26)

Strategic Target 1: Performance of rehabilitation works of the school

Strategic Goal 1: Roofing of X part of the school building for the month X of the year X

№	Action	Responsible person(s)	Potential Results	დევოურსეს ნეედელ ფორ იმპლემენტაციონ ოფ ტჰე აცტიონ	Terms	Detailed Budget	Funding
4	Performance of preparatory works	Rehabilitation group Leader and engineer	Old roof will be taken off, and old material will be grouped together. The materials that can be used for heating shall be transferred to school administration. Trash will be taken out and repair preparatory works will take place.	შუპპლემენტარე წორკერს, ვოლუნტერს ტო ცლეან ტჰე არეა, ტრანსპორტ ტო ტაკე ოუტ ტჰე ტრასჰ. ინსტრუმენტს ფორ ცოოკინგ, აფოოდ, ცოოკ, პლატეს, ეტც.	X ჰემეს	Salary. Transport, materials, food expenses	Salary, transport, food expenses Salary, transport, materials, food expenses
5	Stage 1 of rehabilitation works	Rehabilitation Group Leader and engineer	Roof beams will be placed	X მ ოფ ბუილდინგ წოოდ, სუპპორტინგ წორკერს, ენგინერ, წოოდ წორკერ, სცჰემე (პლან ოფ როოფინგ), ინსტრუმენტს, ფოოდ, პლატეს, ცოოკ.	X ჰემეს	Salary. Transport, materials, food expenses	Project, State and community contribution
6	Stage 2 of rehabilitation works	Rehabilitation Group Leader and engineer	თინსმიტჰ ვილდ ბე პლაცედ	X მ ოფ ბუილდინგ წოოდ, სუპპორტინგ წორკერს, ენგინერ, წოოდ წორკერ, სცჰემე (პლან ოფ როოფინგ), ინსტრუმენტს, ფოოდ, პლატეს, ცოოკ.		Salary. Transport, materials, food expenses	Project, State and community contribution
7	Delivery of performed work	Chairman of Board, Project Coordinator, Rehabilitation Group Leader	After finishing roofing work it will be delivered, the protocol will be made signed by the director, expert, rehabilitation group heads, and engineer. Finishing of the work will be celebrated	სპერტ, ცრიტერია ფორ დეტერმინინგ ტჰე ქუალიტე ოფ პერფორმედ წორკ, ლუნჯ, ჯოურნალისტს, გუესტს.	X აეს	Expert's allowance, Lunch, transportation and communication expenses.	Expert's allowance, Luncheon, transportation and communication expenses.

2. ეცუღიარბიტიეს ოფ ჭორკინგ წიტჰ Vოღუნტეერს

Action plan design is the final step of strategic planning by the community union / CBO. In our example, we describe one strategic way of solving a particular problem. A Community Union's three year plan is worked out based on similar principles, but it must be targeted at the community's development. Therefore, an analysis of interest groups / stakeholders and participants must be carried out based on the community's problems, while the goals of a strategic plan can be considered as goals of separate projects.

The community union is mainly functioning on a voluntary participation principle. As a rule, the projects that the community unions develop do not include any funds for salaries, or their budgets include salaries only for very limited number of personnel. One of the reasons is that community unions have very peculiar meaning and function, that is, they are beneficiaries of their own projects. Therefore, local and donor organizations or individuals will not finance salaries for implementing the projects that benefit the community itself. On the contrary, an organization is considered successful if there is a culture of regular payment of membership fees and when the community members actively participate in the project implementation processes. Due to economic difficulties that the communities are facing in the developing countries, the population cannot afford to make a financial input. Due to these circumstances, it is expedient for a community union to implement the kind of projects that will be profitable, so that the profit will help to cover the capital costs of the community union. These costs include administrative expenses, salaries of the Board members and, in the best case, salaries for the central staff members.

Due to its specific nature and economic conditions of the community, at the initial stage of its development, it is expected that every member of the community union will have to participate as a volunteer and carry out certain activities free from charge, or in better cases they might receive minimal compensations for their activities. Very often this causes instability of a Community Union and results in low quality performance.

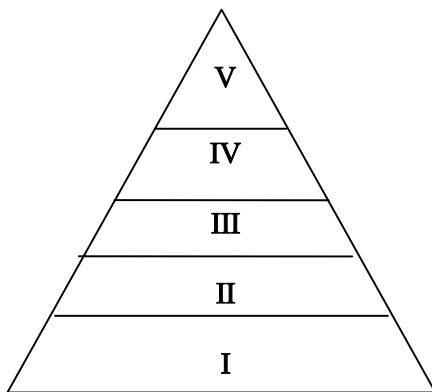
The first impediment for the effective functioning of a community union and any organization in general is lack of motivation among its members; the second problem is incorrect selection of efficient management of organization matters; the third problem that community unions face is incorrect determination of organization structure, putting in place improper decision-making and control mechanisms, and finally wrong delegation of responsibilities (authorization) to organization members and hired personnel.

How to motivate members and personnel of the Community Union?

In order to achieve motivation among volunteers and members of organization, it is necessary to allow the organization members and volunteers explicitly define their personal interests. It must be noted, that Board members become responsible for inefficient work and thus, it is in their interest to clarify and take into consideration their concerns and their personal interests. People who do not clearly realize what their own personal interests are, with regards to the community union, will turn into an impediment for the effective work. Motivations are usually analyzed according to Maslov's pyramid.

Form # 27. Maslov's Motivation Pyramid

According to Maslov's Pyramid, there are five motivation steps:



- I. **Physiological demand** – food, sleep, housing, etc.
- II. **Safety requirements** – free and safe space for work.
- III. **Love requirements** – effective relations with others and status in the group.
- IV. **Regard and respect** – self respect and respect from others is needed.
- V. **Opportunity for self-expression** – the need to fully utilize the abilities.

As a rule, community unions have more difficulties with the first step than the other steps.

How can a Board sort out the motivation issue regarding the first step without material compensations?

If the community cannot fund the salaries for the people employed at the union, the board members appointed by the community must be the people who should have the experience in management and ability to define strategy, as well as ability to clearly explain what personal material benefits the community is going to experience through the implementation of the union's goals. Frequently, improvement of private economic welfare depends on the general state-wide stability, and living conditions predominant in the village. The questions concerning environment for developing private business, village infrastructure should be taken in consideration. If the board members of the community union clearly see the importance of the above-mentioned conditions and if they realize that success of their private businesses depend upon the external factors and welfare of outside environment, they will be better motivated than giving any material compensation. The volunteers must clearly see what personal gain they will have as a result of effective performance of their duties in the community. For instance, by implementing the school rehabilitation program, the children of the community participating in the projects will be the ones benefiting from the project.

3. Types of Community Union Management and Organization Culture

Creation of adequate conditions for motivators of the steps following the first one depends on the correct organization of activities. The precondition is to choose the relevant type and culture of management. There are two types of organization systems:

1. Open social system – that works in harmony with the existing environment;

2. Closed system – closed convent-type community with strict laws.

Management mistakes often occur as a result of incorrect selection of the organization types. Very frequently, community unions and NGOs use the closed type of management system. In order to give a clearer example, let's review the differences between commercial and non-profit sectors. The main


goal of a commercial entity is profit. If a commercial organization cannot receive profit from its activity, it is considered bankrupt. Non-profit organizations, NGOs or community unions / CBOs are social organizations and their main goal is to serve the public. Therefore, if a society does not benefit from the work carried out by a community organization, this organization shall be considered liquidated. Moreover, if we go back to Peters's definition (1988) of organization management, we will see that the first priority for commercial entities is to satisfy the customers' interests. This can be clearly demonstrated by Ford's words, who said that **the main goal of a businessman is not the private profit but satisfaction of customers' interests, while profit is the bonus paid in return.** If the main purpose of a business sector is to satisfy customers' interests, this must be even more important for CBOs. Thus, while selecting the organization system, community-based organizations must try to have as open system as possible to be able to achieve the desired results.


The choice by the commercial sector to operate in a closed system is due to its specific characteristic features. A business is viable only if it receives profit from the invested capital. The profit can be received if a business has some unique qualities. In any case, professional information must remain confidential from the competitors, while information regarding product quality and cost must be available to the public.

The non-profit sector (community unions / CBOs and NGOs) carries out strategic work in compliance with the society's interests using someone else's capital, or mostly volunteers' forces. In order to receive funds and social support, a non-profit institution has to have an open social system based on equality and transparency. The only time when community institutions can keep information confidential is when they work on a bid for receiving a grant. In such cases, a social organization can keep its information confidential from other bidders.

Another precondition for creating an effective organization is its culture (see Form # 28). Selection of culture depends on the type and the development level of an organization. A task-oriented and personal culture is mostly acceptable for NGOs. It must be noted that at certain stages of the organization development, a leader can apply an authoritative culture or "role" culture. In such cases, a leader should balance this policy by means of a distinctly open system so that the organization does not turn into something similar to a private sector entity, and also to enable the organization's transfer to the III and IV cultures on time.

Form # 28.
Organization's Culture

Type of Culture	Relevant Metaphor	Characteristic Features
I Authoritative Culture	Spider web 	Centralized control/ power, extremely political, priority is given to personal power

<p style="text-align: center;">II Role Culture</p>	<p>Greek tower</p>	<p>Classic structure, of bureaucratic nature, priority is given to roles than persons who carry out those roles. Preference is given to modern power and expert's power is recognized.</p>
<p style="text-align: center;">III Task-oriented culture</p>	<p>Net</p>	<p>A focus is made on completing tasks, individual expertise and input is extremely valid. An expert's authority is recognized but both the personal and position-related powers are important. As for the employees, the utmost importance is given to united team effort.</p>
<p style="text-align: center;">IV Personal Culture</p>	<p>Galaxy</p> 	<p>A free group of individuals, ordinary professionals who share the common area or equipment (facilities), but work separately on separate tasks. Power is irrelevant because each individual is an expert in his own field. This culture serves individuals.</p>

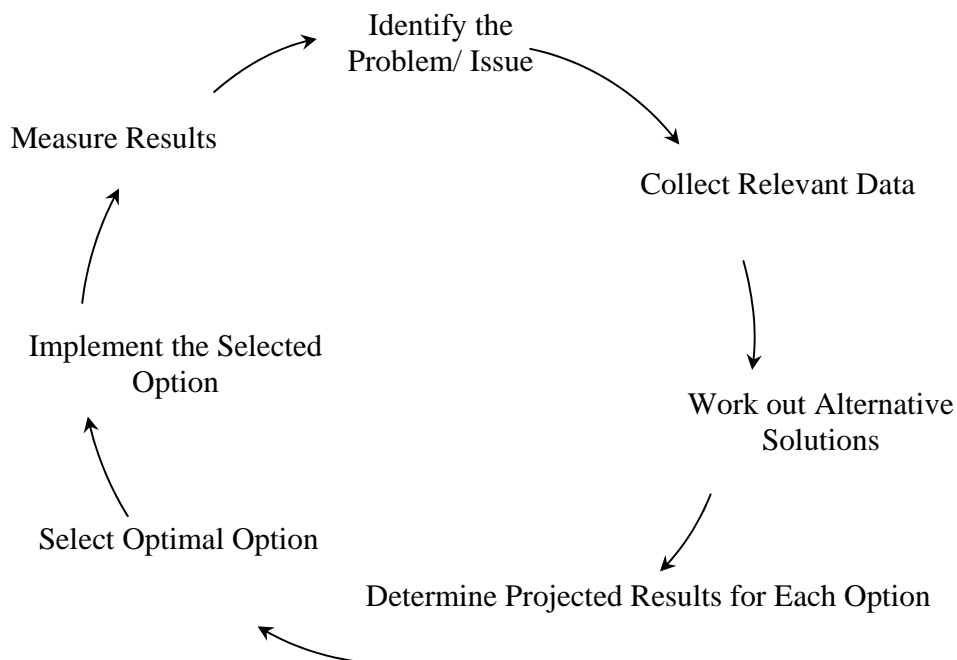
4) Effective Decision-Making Mechanisms for Community Unions

Organization structure design and effective decision-making mechanisms are the next important preconditions for the efficient operation of an organization.

Making decisions is part of our everyday life. Decisions can be made spontaneously or after a careful scrutiny and judgment. Wrong decisions can often cause failures, internal conflicts and sometimes even became a reason for the liquidation of an organization. While making individual decisions, we can rely on our personal opinion but when it concerns group decisions, our personal opinions and views might create problems. Managerial decisions must rely on a rational opinion. This, as a rule, requires big effort and time. The process can be simplified by using the method described below.

The sequence of the decision-making process by the following method is described in form # 29

Form N 29 Decision Making Model



Application of this model for decision-making allows achievement of the following:

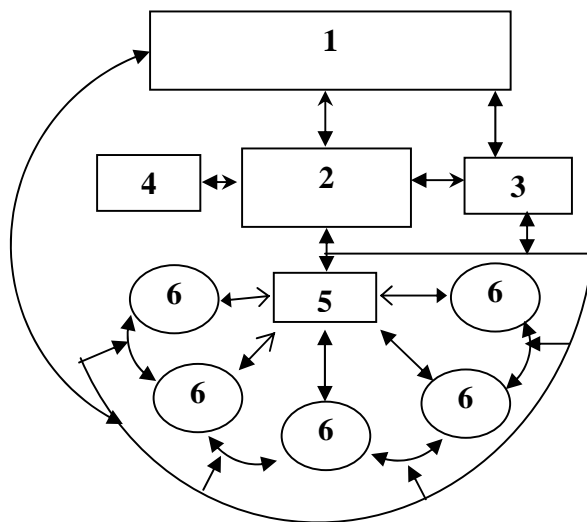
- Appropriate technical quality i.e. differentiation of the options acceptable for the parties from the correct options;
- the Organization's goals and the opinion of the manager and other members must be the target while working out the alternatives and selecting the optimal option;
- Data collection at each stage will help even in the discussion of some minor problems that might impede the implementation of the goal in future;
- This model enables us to find long-term solutions rather than short-term temporary ones.

Decisions can be of the following types: strategic, operative and administrative.

- **Strategic decisions** are mostly long-term decisions that promote the relations of the organization with the environment. These are decisions on the goals and tasks of the Organization. Such decisions are usually difficult to make requiring careful consideration before the final decision is made.
- **Operative decisions** are short-term decisions and they are usually made in connection to such issues as results of implemented actions and tasks. They are targeted at achieving desired results in short-term.
- **Administrative decisions** are mostly for solving conflicts that might occur when strategic and operational decisions are made. This usually covers elaboration of an effective organization structure, e.g. clear definition of reporting and authorization hierarchy. The specter of administrative issues is narrower than that of the strategic and operative ones but could be made based on the same method, described in Form # 30.

5) Typical Organization Structure of a Community Union

An organization structure depends on the peculiarities of its activities and is mainly determined by the organization's charter. Below you can find some typical versions of organization structures of community unions. Creating the structure and dividing the programs into sub-structural units helps effective management and development of an organization.



Form # 30
Sample Organization Structure of a Community Union.

Nº	Name	Representation
1	General Meeting	Community (village population to whom the Community Union belongs)
2	Board	The individuals who are authorized by the community and who manage the Community Union.
3	Inspection Commission	The community representatives who supervise the quality of work carried out by the Board and program implementation. They make sure whether the organization is successful in achieving its goals.
4	Advisory Board	Consists of different competent persons who provide consulting services regarding the Organization's projects and strategies.
5	Chairman of the Board	A person elected by the General Meeting who directs the Organization's work.
6	Programs	Projects implemented by the Community Union.

6. Distribution of Tasks/Delegation of Powers at a Community Union

An effective organization structure simplifies distribution of duties and responsibilities within an organization. This promotes process of delegation of powers. Delegation is a way of distributing authority. This way a manager gives away part of his/her authority to a subordinated team member without delegating implementation of his/her own goals. The delegated work must comply with the obligations of the person. Delegation implies certain limits of freedom and authority that can be reflected in the following documents: agreement forms, job postings, job descriptions.

Very often Union's management does not pay due attention to planning. Because of that, analysis of the internal and external environment, development of long-term strategies, and elaboration of detailed action plan does not take place. Sufficient planning would enable the management of a

CBO to have a projected picture, without which it would become difficult to work with volunteers and delegate tasks. Effective planning and proper organization of work helps to determine the requirements and concepts for job postings, performance and competence, also to work out proper contracts with the hired personnel and volunteers.

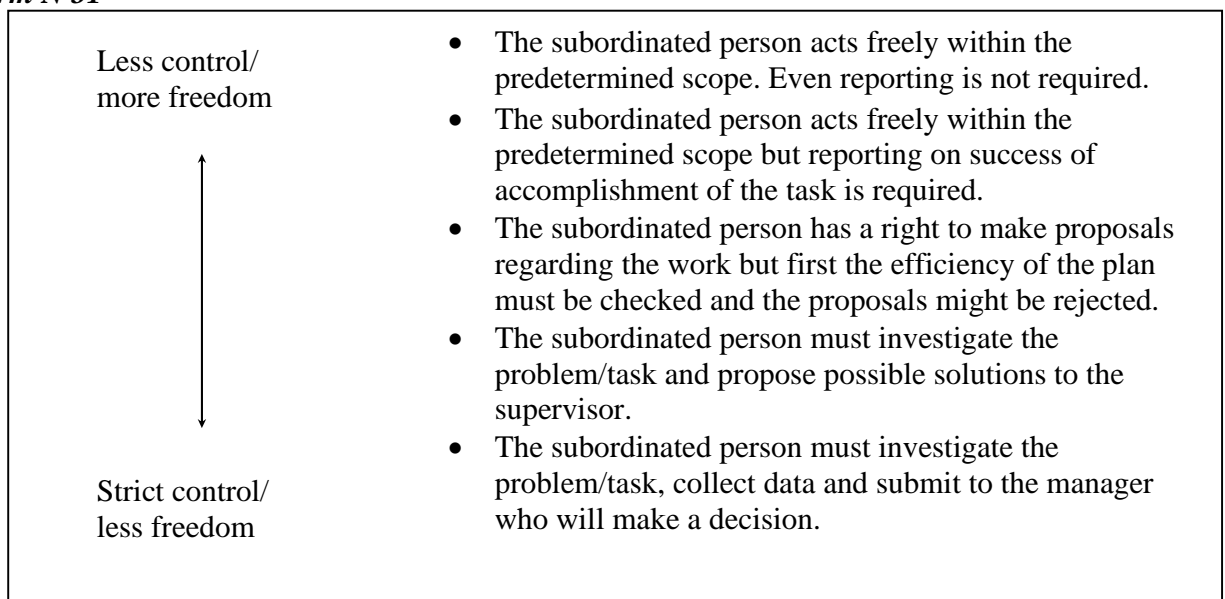
If a detailed action plan for each strategy is worked out according to the same format, the Chairman can easily determine the staff schedule, types of work, knowledge and skills needed for the implementation. If the Board members cannot define organization strategies and action plan, it becomes difficult to define the effective management structure and culture, and thus to distribute competences and responsibilities.

Let's get back to the reviewed action plan. Elaboration of the action plan demonstrated that the following personnel must be involved in the implementation of the first strategic task of the first strategic goal: Board Chairman, Project Coordinator, Instructor of Human Resources, Procurement Officer, Financial Officer, Construction engineer, roofing specialist, tinsmith, x number of maintenance workers, head of refurbishment team.

The following columns of the action plan – “Action”, “Projected Results” and “Required Resources” – include information on what the actions are, what results to expect after these actions, and means and resources to achieve them. This detailed planning enables the Board Chairman and Human Resource Instructor to work out job descriptions and competences, specifying the exact type of expertise required for each job. Based on the availability of human resources in the particular community, the Community Union can make these requirements realistic.

It is also important to make an exact projection of the professional level of people who will perform the work. The level of supervision and freedom depends on the professional level of persons performing the work. The delegation and authorization level is determined according to delegation levels specified in Form 31.

***Activities Delegation Scheme
(Authorities Transfer Scheme)
Form N 31***



Delegation of power is a quite complicated process requiring a lot of time and effort by the Board members and Managers. The Board and management members should believe in the capability of their employees and should have willingness to give them freedom and the opportunity to utilize their abilities. Very often the managers avoid additional difficulties and do not explain to their employees how to implement specific tasks, do not give them specific instructions about performing the work. They frequently fail to properly assess the expertise of their employees. They prefer to do everything themselves. This hinders the development of the Union and if any Board Member gets involved in some other job, the Community Union faces the danger of being crushed since the other members may not have acquired the needed skills.

Tasks, responsibilities and authorities are distributed based on the following documents: job descriptions, job postings and contract forms, administrative, human resource and financial policies.

It is a common practice in Georgia that policies and charters are neglected or viewed as formal documents. Failure to regulate relations or redistribute responsibilities causes conflicting situations while one of the main reasons of this failure is that policies and guidelines are neglected.

7. Documents Needed for Effective Management of a Community Union

Benefits of Policies and Guidelines

Charter is a main guideline for managing an organization. You should be informed that the model charter offered by us is general in nature and cannot possibly cover all the details needed for management of a specific organization. Internal rules and provisions are the documents containing specific types of information. Special attention must be paid to internal rules and policies while working with volunteers. In spite of the fact that volunteers do the work free of charge, their scope of authority, their rights and obligations must be strictly defined. When a community union works out their human resource policy, they must take into consideration specific features of a community organization, namely the fact that it works based on voluntary principles. Therefore, the procedures of selecting, hiring and contracting employees must reflect the specific features of working with volunteers free from charge. These documents should regulate the benefits to be received by the volunteer. It would be useful if the human resources policy contained information regarding incentives, recommendations and assessment criteria. This will enable the management to assess the work carried out by the volunteers and have more motivation for efficient performance.

The Organization members can work out the provisions themselves. Although, lawyers and audit's involvement is preferable at the final stage of drafting. Below we offer types and structures of policies . .

a) Administrative Policies

These policies regulate administrative issues at the Organization. It contains provisions defining rules of efficient usage and disposal of assets, such as cars, telephones and other property owned

by the organization. The policies define rules for business trips, working hours, vacations, rules of receiving non-monetary benefits, safety and other administrative issues.

Policy Structure

- I. Rules of using cars
- II. Rules of using telephones
- III. Rules of using resources owned by the Organization
- IV. Rules for business trips and providing lunch at the office
- V. Birthdays
- VI. Safety Rules

ბ) Human Resource Policies

These policies determine the rights and obligations of employees. It regulates all the issues related to the personnel of the organization. The Policies specify the working conditions and internal rules according to which the organization's staff members must work. It must be noted that the rules must be in compliance with the requirements of the Labor Code of Georgia. Compliance with the Human Resource Policies and procedures is mandatory for every employee. The document can be amended and improved. Any member of the organization can initiate amendments.

Policy Structure

- I. Selecting and hiring employees
- II. Job categories and salary structure
- III. Recording working hours and compensations
- IV. Personal files
- V. Work schedule, holidays, vacations and leaves
- VI. Assessment of performance
- VII. Disciplinary measures
- VIII. Payments and office rules
- IX. Code of ethics and general obligations

ც) Financial Policies

The purpose of this document is implementation of the financial policy of the organization and accuracy of financial accounting. This is an active document officially reviewed and revised every year. Even though the document is effective and useful, there must always be an opportunity for its improvement. Any employee can submit comments and proposals to the management as to how the procedures can be improved and perfected.

Policy Structure

- I. Financial operations
- II. Budget
- III. Control
- IV. Reporting

V. Procurement rules and procedures

d) Job Posting (sample)

Employing the needed staff for the project is a guarantee for successful implementation of the project.

იხ ა ჯობ პოსტინგ ანდ ოტჰერ დოკუმენტს დესკრიბინგ დუტიეს ანდ რესპონსიბილიტიეს ოფ ან ემპლოყეე, მანაგერს სჰოულდ ცლყარლყ დესკრიბე ტჰე ტყპეს ოფ აცტივიტიეს ემპლოყეე ის ეხპეცტედ ტო ცარრყ ოუტ ანდ ტჰე ედუცატიონალ ბაცკგროუნდ რეკჰირედ ფორ ტჰე ჯობ.

Program officer | *April 7, 2004*

Duty station: **Kutaisi**

Employer: **Name of the organization**

Position: **program coordinator**

Reporting: **Executive Director**

Purpose:

Assist managers of the head office in developing, financing, assessing/evaluation of the program, writing applications and sorting out related technical issues. Also, establish internal and external communications with partners and the program group.

Main Duties:

- Prepare contact data, program proposals, grant requirements and reports.
- Help the executive director and other managers in implementing the following works within the project framework: research, study of necessities, project design and management, elaboration of the program plans, writing applications, monitoring and evaluation.
- Provide timely submission of program documents in compliance with the donor's requirements.
- Provide compliance of the community initiatives with the program strategy taking into consideration priorities targeted at social and economic development.
- Provide development of skills of the program managers and other personnel.

Required educational and professional background:

The following knowledge, experience, education, training and skills are necessary for the job:

- No less than three-years experience in community development programs;
- Experience in writing programs and proposals/applications for grants;
- Knowledge in project and program management;
- Fluency in written and spoken English, Georgian and Russian;

- Outstanding analytical and presentation skills, ability to work under pressure during long hours, ability to work in a team;
- Willingness to dedicate 25% of working hours to traveling in the West Georgia;
- Excellent computer skills in Microsoft Word and Excel;
- Deep knowledge and interest in such spheres as development of the society, adult population and healthcare.
- Precise knowledge of the Georgian culture, economy, politics and history;
- University degree in international relations, sociology, economy and/or other similar fields.

How to Apply:

If you have the necessary qualifications, please submit your CV and motivation letter to the following address:

Address:

Email:

Deadline for submission: May 15, 2004

Note:

Only the strongest candidates will be selected for further testing.

e) Job Description (example)

Position: **program coordinator**

Reporting: **Executive Director**

Purpose:

Provide assistance to the managers in the head office in developing, financing, assessing/evaluating the program, writing applications and sorting out related technical issues. Also, establish internal and external communications with partners and the program group.

Main Duties:

- Prepare contact data, program proposals, grant requirements, grant requirements and reports.
- Help the executive director and other managers in implementing the following works within the project framework: research, study of necessities, project design and management, elaboration of the program plans, writing applications, monitoring and evaluation.
- Provide timely submission of program documents in compliance with the donor's requirements.
- Provide compliance of the community initiatives with the program strategy taking into consideration priorities targeted at social and economic development.

- Help program managers and other personnel develop their professional skills.

Required Knowledge and Skills:

The following knowledge, experience, education, and qualifications are required for the job:

- No less than three year experience in community development programs;
- Experience in preparing programs and bids for grants;
- Knowledge in project and program management;
- Fluency in written and spoken English, Georgian and Russian;
- Outstanding ability to analyze, write and speak, ability to work under pressure during long hours, ability to work in a team;
- Willingness to dedicate 25% of working hours to traveling in the West Georgia;
- Excellent computer skills in Microsoft Word and Excel;
- Deep knowledge and interest in such spheres as development of the society, adult population and healthcare.
- Deep knowledge of the Georgian culture, economy, politics and history;
- University degree in international relations, sociology, economy and/or other similar fields.

f) Contract Form (sample)

Employment Contract N 4

Tbilisi

January 1, 2004

“Association For Protection of Landowners Rights” (hereinafter “The Employer), represented by its Director – Jaba Ebanoidze on one hand and citizen ----- (hereinafter “The Employee) on the other hand make and enter this Agreement on the following:

1. Subject of the Agreement

- 1.1 This Agreement regulates employment relations between the Employee and the Employer;
- 1.2 The Employee verifies that he/she has or has not got employment relations with other NGOs, public or private entities (Appendix 1).
- 1.3 The Employee is hired for ----- position.

2. Obligations of the Parties

2.1 Obligations of the Employee are as follow:

- 2.1.1 Perform work assigned to the above position;
- 2.1.2 Honestly implement his/her duties, managers’ orders and instructions;
- 2.1.3 Take good care of the Association’s property and other valuable assets;
- 2.1.4 Use the equipment, devices and documents for the adequate purposes and return the equipment and materials to the Employer after the Employment Contract expires;

2.2 Obligations of the Employer are as follow:

- 2.2.1 Create proper and safe working conditions for the Employee, assist the Employee in improving the qualification;
- 2.2.2 Pay the salary on time;

2.2.3 Deduct from the gross salary all the taxes and mandatory payments and transfer these amounts to the State Budget and State Funds.

3. Salary Amount and Rules of Payment

3.1 Gross payment for each working day/month is ----- US dollars;

3.2 The salary will be paid in GEL at the official rate of the Georgian National Bank for that day.

3.3 The salary will be paid at the end of the last working day of the month.

4. Subordination

4.1 The Employee shall report only to the Employer.

4.2 The immediate supervisor of the Employee is the Head of the Sector/Department.

5. Vacations and Day Offs

Day offs and vacations of the employees shall be in compliance with the requirements of the Labor Code of Georgia, labor policy of the Association and Agreement made by the Parties.

6. Validity Period of the Agreement

a. The Agreement shall be valid from Janvry 1, 2004 through March 31, 2004 but the number of working days shall not exceed 65 days during this period.

b. This Agreement will be terminated after the expiration of its validity period.

c. The Agreement can be terminated before the expiration of its validity period only in compliance with the labor policies of the Association.

d. If after the expiration of the validity date, the Parties decide to continue the labor relations, a new Agreement must be signed.

7. Dispute Resolution

Any disputes arising from this Agreement must be regulated based on a mutual agreement in compliance with the requirements of the Georgian legislation, labor policy of the Association and Agreement made by the Parties.

8. Other Conditions

8.1 Any amendments or additions to this Agreement can be made only in writing, based on a mutual agreement between the Parties;

8.2 The issues not covered by this Agreement shall be solved based on mutual agreement or additional agreement.

8.3 This Agreement and its Appendixes are written in Georgian and English languages, in two copies of the same legal force; in case of any inconsistencies between the Georgian and English versions, the Georgian version is prevailing.

8.4 The Agreement comes into force immediately from the moment of its signature.

Contact Information of the Parties

Employer:

Employee:

რეგისტრაციონ ნაძე

9. Signatures

Director of the Association
Name

Employee:

Appendix 1

**Nº _____ Employment Contract Between the between the
“name of the organization” (Employer)
and _____(Employee)**

I, ----- hereby agree that I work at the “Organization Name”.

I -----hereby take full responsibility that the presented information is correct and real.

This Appendix is an integral part of the Agreement N ----- made and signed between the “Name of Organization” and ----- .

Employee

Employer

Director
Name

V. Control

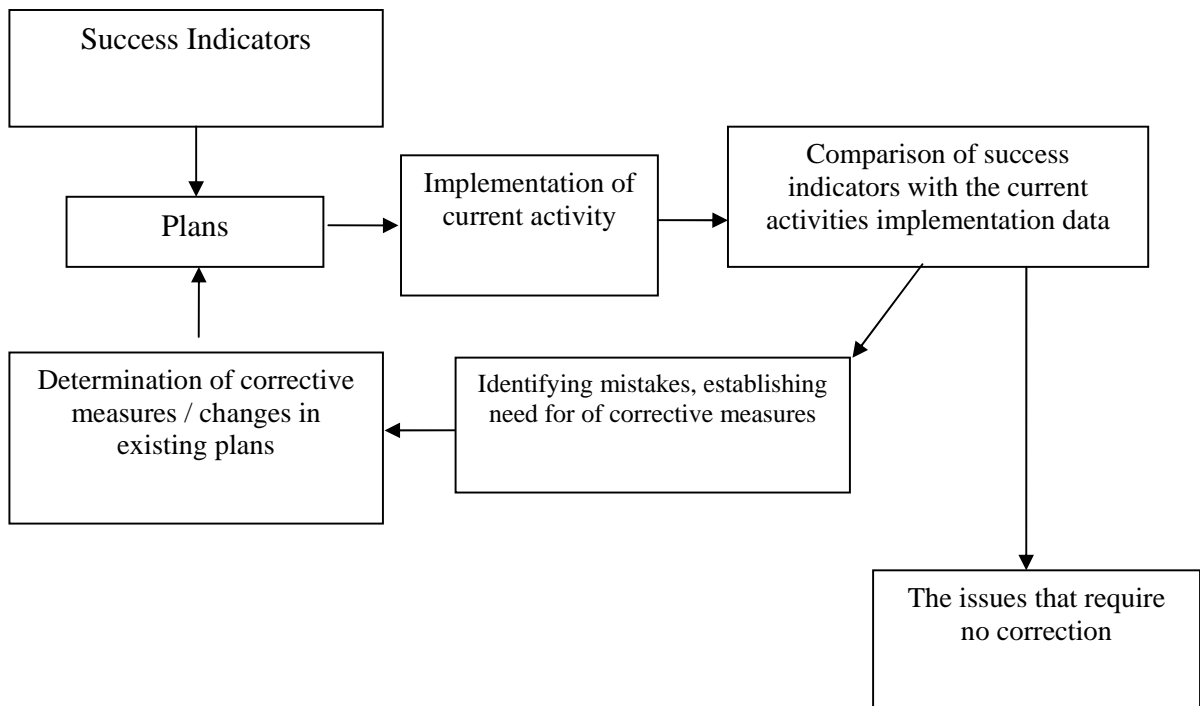
1. Elaboration of Control Mechanisms

Sufficient control is the next stage of the effective management. Control means monitoring and evaluation of activities, establishing of corrective mechanisms. Activities usually exercised during control include assessment of level of success and working out corrective measures. The main functions of control are as follows:

- Working our standards that demonstrate success;
- Evaluation of actual success in compliance with the standards;
- Working out corrective measures in case of mistakes/shortfalls;
- Working out feedback mechanisms;
- Working out the Organization development system.

A simple diagram (Form # 32) can demonstrate a control mechanism development, showing the interconnections between each element. Control is an endless process or it finishes after an analysis of successful results or plan simplification. You could train the personnel, change delegation of powers and simplify an action plan as a reaction to the control findings.

Form N 32



2. Reporting and Monitoring

Reporting

Reporting is one of the important aspects of monitoring and evaluation. The wording of reports must be simple. The report should answer the following questions: Who, Where, What, How, When, Where, How much, For whom? etc. The verbs must be mainly in the active voice. It is absolutely necessary to specify the recipient and the author of the report, its title (its subject) and the date. It is necessary to attach evidence to the report. e.g. financial documents may be attached to financial reports; performance indicators, experts' resolutions, records, pictures, seminar evaluation data, etc. may be attached to program and project reports, viz. all similar evidences that relate to implementation of activities must be attached.

Monitoring

Monitoring means continuous determination of organization's level of success

Monitoring is mainly carried out according to those parameters that have been worked out during planning. The parameters must be both qualitative and quantitative. During monitoring, action plans and reports are usually inspected to check whether the reported actions have been actually carried out and what the qualitative and quantitative results of these actions are, e.g. whether the humanitarian aid program has been carried out. The Auditor must meet or telephone the individuals listed in the report and check how much aid each of them received.

Form # 33 demonstrates a simple format for reports and monitoring, that contains complete information needed for evaluation. Reporting periods depend on the specific features of the work and the organization's development level. It is possible to have daily, weekly, fortnight or monthly reports.

Form N 33
Report Form a)

Strategic Goal # 1. School Refurbishment					
Strategic Goal # 1. Refurbish part of the school roof for the year x, month x					
№	Action	Responsible person	Expected Results.	Actual Results	Note
1	2	3	4	5	6
1	Agreement with the school director to refurbish the school	Chairman of the Management Board and the project coordinator	Agreement must be achieved on working hours; several people from the workshops in the village or among students' parents must be selected to perform as maintenance workers; necessary working conditions (such as catering for workers, necessary equipment etc.) must be organized; an area must be selected to be used as a warehouse during the work.		
2	Selecting the personnel for the rehabilitation team	Human resources instructor	A rehabilitation team will be organized (x number of assisting workers, x number of engineers, x- drivers, x – procurement officers, x – tinsmiths)		
3	Procurement	Procurement officer, financial officer and an engineer	Procurement of x amount of tin, wooden boards, nails of x size.		
4	Preparatory work	Head of rehabilitation team and engineer	The old roof will be removed, the old materials inspected and handed over to the directorate for heating classrooms; the roofs must be cleaned and prepared for new work, the wastes must be removed.		

Report Form b)

Strategic Goal # 1. School Refurbishment					
Strategic Goal # 1. Refurbish X part of the school roof for the year x, month x					
Nº	Action	Responsible person	Expected Results.	Actual Results	Note
1	2	3	4	5	6
5	The first stage of rehabilitation work	Head of rehabilitation team and engineer	Installation of beams and boards		
6	The second stage of rehabilitation work		Installation of sheet steel cover		
7	Handover of completed work	Chairman of the Management Board, project coordinator, head of rehabilitation team	Handover of the roof must be carried out in compliance with the technical requirements. Acceptance report will be issued and signed by the Director, expert, rehabilitation group and engineer. Celebration of completion of works.		
Problem:					
Solution:					
Experience:					

3. Evaluation/Assessment

What is Evaluation?

Evaluation is an assessment of separate stages of activities. During evaluation/assessment process, the results of certain activities are viewed in context of final targets and connected to the final goals. The questions to ask are: Will the selected direction allow us to achieve the final goal of the project? Will this way of achieving the goal be beneficial for the community? To what extent will the social and economic situation of the community improve? What changes will take place regarding the activity, knowledge and expertise of the community? The evaluation will show to what extent the method selected for the project was effective, what can be improved and what recommendations must be given to the project team in order to increase the efficiency level of their work.

What should be evaluated?

The quality of work carried out by the Organization's members, effectiveness of developing and implementing the project, and the changes that the Organization's work has brought to the community development.

a) Assessment of the Quality of Work Carried out by the Human Resources.

Spheres and Parameters:

Let's consider how and in what aspects the human resources are evaluated:

Skills

- Necessary education and training, attended seminars
- Experience
- Ability to come up with initiatives and creative thinking

Responsibility/ Decision Making

- Implementation of a difficult work
- Leadership talent
- Providing technical assistance and implementing the work
- Equipment needed for implementing the work

Effort

- Intellectual qualities needed to implement the work
- Physical qualities needed to carry out the task

Work Conditions

- Work under pressure and a lot of work load
- Work in complicated and hazardous conditions

b) Project Assessment/Evaluation

Assessment Criteria of the Project Success

Compliance – The Project’s goals must correspond to the problem targeted by the community, physical abilities of the community and the Community Union and general course of the community development.

Economy – Cost and quality effectiveness of the work (effective allocation of human and material resources)

Productivity – Quality of the product (result) matches the cost of actions and resources used for implementation of activities.

Effectiveness - The effectiveness of separate project activities in terms of achieving the project’s final goals.

Change/Impact – the change resulting from the project implementation, as a result of which, the social/economic conditions of the community improved.

Viability - The product (results) of the project activities continues to benefit the community and/or to some extent promotes implementation of other activities of the community development strategy by the CBO.

c) Assessment of the Community Development Level

For the effective implementation of the community development strategy, stage-by-stage evaluation of the development level is necessary. This evaluation enables us not only to measure the level of success but also helps to see the degradation at different stages, so that the community does not lose its high values during the change implementation process. At the same time, success indicators/parameters must be developed. The community development parameters must be reviewed in the following areas: Public/private structure, economic structure, social/cultural norms, national development priorities, results of the development project.

Evaluation of the development level of each area is done based on the following parameters:

Public /Private Power Structure

- the organization level of the public institutions
- Political system
- the number of private organizations and individuals who can influence decision making
- Participation of private organizations and individuals in the community development

Economic Structure

- National product
- Average annual revenue of the community
- Percentage rate of the socially vulnerable population
- Natural resources available to the community/imported resources
- Revenue sources of the community members/ employment structure
- Demographic data
- Liabilities of the local authorities and population (budget payments, salaries, pensions etc.)

Social-Cultural Norms

- Changes in the spheres of values and religion
- Changes of the traditional views regarding gender roles
- Religious beliefs
- Class structure
- Education level

Community Development Priorities (from the following sources)

- The list of those priorities, initiatives and strategies that are related to the development plan
- List of priorities of donor organizations
- List of projects developed by the main individuals
- Health care statistics
- Education level parameter

Results of Developmental Project.

- Implemented by the Community Union
- Implemented by the local government authorities
- Government programs
- Other

Note:

Difference between monitoring and evaluation is as follows: monitoring can be compared with a nurse's job: she monitors the patient's health, collects data before and during the treatment (various tests, blood pressure, temperature etc.). A doctor makes a diagnosis based on these data and the nurse's observations and makes a decision regarding the treatment.

The supervisor carries out activities very much similar to those of the nurse while the evaluator's role can be compared to the doctor's. Mistakes made during the monitoring can lead to a wrong diagnosis.

Well-developed reports help to understand what you are doing and how, what problems you are facing and how you solved them. A well organized monitoring provides you with accurate information for assessment.

There are frequent cases when people treat reporting, monitoring and evaluation/assessment only as formalities. This often becomes a reason for ineffective implementation of projects and at the end, the community cannot achieve the desired result.

Remember:

The purpose of reporting, monitoring, and evaluation is self-assessment and self-control, pursuing the goals of personal and organizational development.

Chapter IV

CBO Development

1. Peculiarities of CBO Development

Community unions like living organs have different stages of development. Characteristics of CBO development are presented in the below given evaluation form. Viewing this information will help the unions to watch the process of their own development and at the same time make self-evaluation of the progress of their development. It may happen that the organization does not necessarily pass all the stages of development step-by-step. What really matters is that the members of the organization could evaluate possibilities and capacity of their organization in a constructive and realistic way. Accurate evaluation of the CBO's capacities is important to determine strategic plans and not to plan too unrealistic goals.

How to Evaluate Organization Development According to the Given Format?

The given Form (# 34) shows different stages of organization development. In the horizontal rows you can see different stages of organization development and in the vertical columns you will find areas of the activities and their sub-components. There are following stages of evaluation of organization development (for community unions and non-government organizations): newly established organizations, developing organizations, expanding organizations, developed organizations. For simplification of the evaluation process, it is necessary to divide the organization in the activity components, e.g.: a) management, b) how management is organized, c) financial resources, d) service, e) external relations, f) viability. In every sphere sub-components should be singled out, e.g.: 1) Board, 2) Mission/Goals, 3) Legal status, 4) Users (most deprived), 5) Leadership. According to Form # 34, evaluate your organization in each sphere and sub-component, read how sub-components of each sphere are characterized on each development stage, find similarity and determine the stage of your organization development.

Form №34

OCAT categories and levels of organization development				
	Newly established Organizations	Developing Organizations	Expanding Organizations	Developed Organizations
Management				
Board	<p>There is no clearly expressed Board and independent management organ, which can determine the course of organization development and provide its supervision.</p> <p>The Board can't distinguish between management of the organization and its supervision.</p> <p>If the Board carries out supervision, its activities may be in conflict with the interests of the interested parties.</p> <p>The Board does not oblige management to determine legislators, influence public opinion, or attract funds.</p> <p>Board members lack sense of responsibility.</p>	<p>Board members are selected but they are not well-aware of what the leader's role is.</p> <p>The Board is trying to exercise micro management rather than supervision.</p> <p>The Board cannot influence the public opinion and legislation.</p> <p>The Board does not know the requirements of the interested parties and is not aware what role they can play.</p>	<p>The Board membership is stable and functional.</p> <p>The Board distinguishes well between supervision and management.</p> <p>The Board has pronounced leaders in some areas, but they cannot cover all the areas.</p> <p>The Board is well aware of its responsibility, which is expressed in the supervision of efficient work. The board members also have to represent the interests of the interested parties, but the board's actions are not always adequate.</p> <p>There are mechanisms in place for enhancing contribution of the interested parties to the work of the union, but they are not fully used.</p>	<p>The Board works out management course and exercises supervision.</p> <p>The Board consists of such leaders who possess specific knowledge for achieving organization's mission and have skills to determine organization course, strategy for fundraising, lead public relations, carry out financial supervision and lobbying.</p> <p>The Board consists of different responsible members who represent interests of various interest groups.</p> <p>There are mechanisms designed to increase contribution of the interested parties to the work of the union.</p> <p>The Board participates in the activities aimed at protection of the community interests.</p>
Mission/Goals	<p>The organization has no clear understanding of its mission and contribution to the process of country/society/community development.</p>	<p>The mission may be clear for the staff of the organization, but for the open public it is not clear yet.</p>	<p>The vision and mission of the organization is clear for the staff, interested parties and for those who are outside the organization.</p>	<p>The organization has clearly formulated mission/goals, which are well understood by all representatives of the interested parties.</p>

	<p>One or two members of the Board and representatives of senior management are well aware of the mission.</p> <p>The actions undertaken by the interested parties have little relevance to the mission of the organization.</p> <p>Action plans are worked out only by the senior management without participation of the interested parties or the staff.</p>	<p>Planning and activity distribution is done apart from the mission of the organization.</p> <p>Action plan is worked out only by the senior management staff without participation of the interested parties and little participation of the staff of the organization.</p>	<p>The organization strategies and tasks correspond to the organization mission.</p> <p>Senior management staff work on the implementation of the action plan and participate in budgeting processes, with little involvement of the staff and interested parties.</p>	<p>Organization strategies correspond to the organization mission and there are specifically formulated tasks, which show how organization can carry out its mission.</p> <p>Implementation plans are compiled by senior management members, the staff and with the participation of the relevant interested parties.</p>
Legal status	<p>The organization is or is not registered according to the local legislation.</p> <p>The organization cannot take advantage of benefits available to local non-governmental sector.</p>	<p>The organization is registered but it has not integrated recommendations provided by financial and legal experts in the process of planning and management.</p> <p>The organization cannot comply with the requirements of accounting and labor legislation.</p>	<p>The organization has taken into account experts' recommendations on planning and management systems.</p> <p>Management of the organization complies with the requirements of local taxation, accounting and labor legislation.</p>	<p>The organization is registered according to the local legislation.</p> <p>The organization uses financial and legal status determined for non-governmental organizations.</p>

<p>Interested Parties</p>	<p>Contacts of the organization with the interested parties are weak.</p> <p>The organization considers the community to be a passive consumer and not a potential partner.</p> <p>The organization does not defend the interests of a community.</p> <p>The organization has no capacity to identify its main interested parties.</p>	<p>The involvement of interested parties in the work of the organization has enhanced.</p> <p>The organization invites community members who can contribute to the decision-making process because it approaches them as its partners.</p> <p>The organization has general awareness of its role as a protector of public interests.</p>	<p>The interested parties of the organization are identified and their interests and requirements are foreseen in the planning and decision-making process.</p> <p>The organization is involved in the lobbying process and other kinds of activities aimed at protection of the community's interests.</p> <p>The organization considers the community and other interested parties as its partners.</p>	<p>The interested parties of the organization are well identified.</p> <p>The organization considers the community and other interested parties to be their partners.</p> <p>The planning process envisages results of the research conducted on the community needs.</p> <p>The mission and strategy of the organization are considered and discussed by the interested parties.</p>
<p>Leadership</p>	<p>One or more members of the organization controls the majority of its functions and activities.</p> <p>The management style is mostly direct and the staff has only technical functions.</p> <p>The organization management cannot clearly explain to the members of the organization what the goals of the organization are.</p> <p>The Board and the senior management cannot understand clearly what their roles are.</p>	<p>The majority of decisions are made by the Board with involvement of one or two staff members.</p> <p>The staff has not clear understanding of the decision making process exercised by the management members.</p> <p>The leadership is considered to be the body giving out instructions and exercising control rather than an organ facilitating activity of the organization members</p>	<p>Senior management's relations with the organization members have consultative nature and a number of managerial decisions are delegated to the staff.</p> <p>The staff is aware of the goals of the organization, but they are not systematically involved in the decision-making process.</p> <p>The leaders are aware that one of the most important roles attributed to them is supervision and monitoring of performance quality. Nevertheless, in connection with the control function they still have problems.</p>	<p>The Board and senior management representatives clearly understand their roles and responsibilities as that of the persons who implement overall directorship.</p> <p>The style of the senior management staff is co-participation.</p> <p>The senior management is responsible to all representatives of the interested parties.</p> <p>The leadership is available for all interested parties.</p>

	The leadership is not aware of their responsibility towards the interested parties.	and monitoring their work quality. The leaders know about the interested parties but cannot cooperate with them.	The leaders establish contacts more successfully with the interested parties and involve them in work.	
Organizational Structure and Planning	<p>The organizations have no clearly defined structures, and management responsibilities.</p> <p>The organization has no management policy.</p> <p>The organizations have no system for the control over compatibility between organization mission and the culture.</p> <p>The organization has no system for effective participation of the staff in the decision making process.</p> <p>The organization does not have any operative system for provision of bilateral accounting.</p>	<p>The organization has a well-defined organizational structure, but the duties and responsibilities are not clearly defined and the entire work depends on one or several individuals.</p> <p>The organization has developed a system and policies but they are not put into effect yet, the members of the organization do not comply with them. No one in the organization has revisited the policies to question their efficiency.</p> <p>Management policies do not comply with the Georgian Constitution.</p>	<p>The organization has a clearly defined structure, duties and responsibilities.</p> <p>The administration of the organization pays special attention to the spheres of competence but does not delegate necessary authorization to individual persons so that they could manage effectively.</p> <p>The organization cannot create the structure suitable for its specific activities. It cannot develop the organization or provide accountability or reporting.</p> <p>The management policies provide regular audit of organization development and reflect their relevance to the Georgian Constitution.</p>	<p>The organization has strictly defined organizational structure, duties and responsibilities.</p> <p>Management policies ensure organization development and its audit.</p> <p>Management policies are in correspondence with the Georgian Constitution.</p> <p>The organization has systems for regular control of organization's mission and culture.</p> <p>There is a staff on each level of the organization for taking part in decision – making process.</p> <p>The organization has an operative accounting system.</p>

<p>Planning</p>	<p>The organization is planning activities, but with little or no participation from the staff and interested parties.</p> <p>The organization plans activities and makes decisions without bringing organization in compliance with the mission.</p> <p>The organization has not carried out research and study of the resources for carrying out activities.</p> <p>The organization does not review or modify the plans after their implementation</p> <p>The organization has not planned effective use of resources.</p>	<p>The annual plans are mainly developed with the participation of the management staff without their comparison with the plans of previous years, or analysis of available resources and some other factors, which could influence project implementation.</p> <p>In the design process of annual plans, there is very little participation observed by the interested parties or staff members.</p> <p>After implementation activities, there is no monitoring or cross-checking of the plans taking place.</p> <p>Planning has a short-term character and is done using only the available resources.</p>	<p>Usually senior management members participate in the design of strategies and short-term plans.</p> <p>The staff and interested parties participate in the planning, but they are not involved in the decision – making process.</p> <p>Activities implementation plans are periodically reviewed and revised.</p> <p>Existing resources of the organization are periodically used and re-measured.</p>	<p>Interested parties can contribute to the planning process.</p> <p>Plans for implementation are compatible with strategic plans.</p> <p>Implementation plans are systematically renewed in the organization.</p> <p>Resources are planned and used correctly.</p> <p>There is a flexible system in the organization, which matches plans for the monitoring process.</p>
<p>Management Methods</p>				
<p>Personnel</p>	<p>There are no official procedures designed by the management for the personnel salaries and benefits. There is no registration system for their data.</p>	<p>The personnel management system is in place but there are still cases of non-official recruitment.</p>	<p>There is no full awareness of the strategic value of human resources and the requirement to integrate personnel management methods in the strategic planning process.</p>	<p>Staff selection criteria are in place.</p> <p>Recruitment process is clearly determined.</p>

	<p>There are no official employment procedures.</p> <p>Hiring procedures are not defined. They are not transparent or competitive.</p> <p>Administration is not active in creating respectful atmosphere among employees.</p> <p>There are no compensation procedures.</p>	<p>No vacancies are announced or publicized outside the organization and there are no procedures for determining qualification needed for different job vacancies. There are no procedures for firing.</p> <p>Compensation procedures and respectful environment are not the part of organization culture.</p>	<p>All necessary systems connected with the personnel are formalized and implemented, though sometimes informal mechanisms are used.</p> <p>Compensation procedures and respectful environment make the organization culture.</p>	<p>Staff hiring process is transparent and competitive.</p> <p>Job descriptions are clearly defined.</p> <p>Employees carry out activities established in their job descriptions.</p> <p>Administration supports safe and respecting environment.</p> <p>Staff members are aware of compensation procedures for employees.</p>
Program Development	<p>Development of the program greatly depends on financial supporters or employees, where there is little involvement by the interested parties.</p> <p>The project activities will be implemented, monitored and evaluated according to the requirements of the financial supporters.</p> <p>Quite often the financial supporter's requirements are not well understood, their implementation is bad as well as their management.</p> <p>Monitoring, evaluation and</p>	<p>Individual programs are developed within overall program framework.</p> <p>Evaluation, which is sometimes carried out per request of the financial supporter, is implemented by the outside persons.</p> <p>The interested parties are involved in these activities only as recipients of the program.</p> <p>There is no master</p>	<p>There is an overall system for program development and implementation.</p> <p>The system itself sometimes represents such a system, which is introduced by the financial supporter, or might be developed by a non-government organization.</p> <p>Both systems envision provision of the information, which is required by the financial supporter and gives possibility to carry out monitoring and evaluation, which should be carried out by the employees.</p> <p>Together with the interested parties program design is discussed, they also participate in the implementation and</p>	<p>The interested parties and employees are involved in the program design, implementation, evaluation, and accounting activities. The program design includes monitoring, evaluation and accounting.</p> <p>The program modifications reflect monitoring, evaluation and accounting results.</p>

	accounting procedures are not a part of the program plans.	system for determination of the goals and results for program/project, as well as for monitoring and evaluation.	evaluation processes.	
--	--	--	-----------------------	--

	Newly Established Organizations	Developing Organizations	Expanding Organizations	Developed Organizations
Management				
Administrative Procedures	<p>There are no administrative procedures or manuals</p> <p>Administrative procedures are informal and employees of non-governmental organizations do not have overall understanding of these procedures.</p>	<p>Administrative procedures are becoming more and more formal.</p> <p>Administrative procedures are not complied with.</p> <p>There are no administrative procedures or manuals.</p>	<p>Administrative systems are formalized and they are operating.</p> <p>Administrative procedures and manuals exist but they are not regularly applied.</p>	<p>Administrative procedures and manuals are in place.</p> <p>Administrative procedures are followed.</p> <p>Procedures and operative manuals are regularly renewed.</p>
Risk Management	<p>There are no systems in place to protect non-governmental organizations from organized criminal actions.</p> <p>Inventory-making, and audits, are irregular.</p> <p>No external audit is</p>	<p>There are systems in place for protection from organized criminal actions, but they are not implemented.</p> <p>Audit and inventory-making are carried out irregularly.</p>	<p>Systems are in place, but they are used on an irregular basis.</p> <p>Audit and inventory-making are integrated in planning.</p> <p>External audit is carried out annually.</p>	<p>Systems are in place for protection against organized criminal actions.</p> <p>Regular audits or inventory-making are help regularly.</p> <p>Audit reports carried out annually by external audits contain review of management practices.</p>

	carried out.	External audit is carried out according to the request of the financial supporter.		Recommendations on management practices are included in accounts of annual audit reports.
Information Systems	<p>There is no system inside the non-governmental organization to collect, analyze or disseminate the data.</p> <p>Information is collected at random and is done manually.</p> <p>Information is not communicated between the parties.</p>	<p>There is no awareness of the potential data usage may have.</p> <p>There is a rudimental electronic data software, but it is not available for every employee.</p> <p>Computers are mainly used for word processing and accounting.</p>	<p>Data software operates and most of the employees can use it.</p> <p>The information system is primarily used for word processing and accounting, but some employees know how to use it and use local databases.</p> <p>There is no mechanism that would allow the NGOs to integrate the database information in the activities planning process.</p> <p>There is no mechanism that would allow exchange or request of data.</p>	<p>There is a system in place that allows collection of data, its analysis and reporting.</p> <p>The trained personnel is in place to conduct management of database.</p> <p>There is a software to process information, disseminate it and feedback it.</p>

<p>Management Methods</p>	<p>Non-governmental organization does not provide information to the interested parties on the results of its activity or evaluation.</p> <p>Non-governmental organization is not sharing information, on its activities, evaluation and results.</p> <p>Non-governmental organization does not produce periodic accounts on its activities and evaluation.</p>	<p>Non-governmental organization issues information regarding its activities and evaluation only when they are asked to do so or the financial sponsor requires information from them.</p> <p>Non-governmental organization issues information only after receiving request for it.</p> <p>The report format satisfies donor's requirements.</p>	<p>Non-governmental organization does not have effective system, according to which information will be issued based on the lessons received from past experience.</p> <p>Non-governmental organization sometimes publishes the results of its activities and their evaluation, but it does not have strategy for dissemination of information.</p> <p>The non-governmental organization has worked out the format of flexible accounting system, in compliance with requirements of different interested parties.</p>	<p>The non-governmental organization has capacity to prepare relevant reports.</p> <p>The non-governmental organization regularly produces reports on its activities.</p> <p>The non-governmental organization regularly prepares reports on evaluation of activities. The non-governmental organization publishes and spreads information about its activities.</p> <p>Formats of accounting reports are flexible, diverse and respond to the interested parties' requirements.</p>
<p>Human Resources</p>				
<p>Development of Human Resources</p>	<p>Non-governmental organization does not regularly evaluate performance of its employees, according to which either changes would be planned or some improvements made.</p> <p>Non-governmental organization has no capacity</p>	<p>There is a good correspondence between the responsibilities of employees and requirements of their qualification.</p> <p>Evaluation system for employees performance may be in place, but it might not be based on the</p>	<p>The non-governmental organization has a performance evaluation system based on the efficiency of their work, which is not always used and is not always objective.</p> <p>The employees are sometimes appointed and promoted based on work</p>	<p>There is a human resources development plan in place.</p> <p>Employees training is held in compliance with needs, requirements and goals.</p> <p>Employees can apply the knowledge received after training to the current work environment.</p>

	<p>to plan changes for better performance of individuals through better planning of work, training and development.</p> <p>There is a little or no understanding of the relations between employees performance and achievement of the goals of non-governmental organizations.</p> <p>Personnel policy does not envision equality of every employee, as it is determined by the South African Constitution.</p>	<p>efficiency of their work performance.</p> <p>The non-governmental organization has identified resources for trainings of employees.</p> <p>Personnel policy does not reflect equality, as it is defined in the South African Constitution.</p>	<p>efficiency.</p> <p>Employees training requirements are evaluated and afterwards applied for development of training plans.</p> <p>Personnel policy reflects equality, as it is defined in the in the South African Constitution</p>	<p>Work performance and promotion is based on the efficiency of work performance.</p> <p>Personnel policy does not reflect equality, as it is defined in the in the South African Constitution.</p>
Human Resources				
Management of Human Resources	<p>Non-governmental organization does not have in place a specific process for determination of relations between the human resources requirements and program goals.</p> <p>The functions and job responsibilities of current employees are not clear, they overlap and are changeable.</p> <p>From a small number of</p>	<p>Non-governmental organization has not worked out a process through which it can analyze and identify work requirements and job analysis.</p> <p>There some initial signs of compatibility between duties and qualifications of senior level managers, but there is still deficiency in respect to requirements for respective qualifications.</p> <p>Job descriptions are in place</p>	<p>In job descriptions and work tasks, the assignments are well defined and documented.</p> <p>The main indicators of professionalism that are necessary for carrying out tasks are in place in non-governmental organization. Work performance evaluation system exists and the work is assigned among employees and promotion system is in place based on work performance.</p>	<p>Job descriptions are recorded officially in writing and they are periodically updated.</p> <p>Job descriptions are taken into account and they are respected.</p> <p>There is a clearly expressed consistency between employees' qualifications and organization's mission.</p> <p>There is a clear distribution of salaries among different</p>

	<p>employees they expect performance of tasks exceeding their qualifications and due to this, some important tasks are not fulfilled by anybody at all.</p> <p>Job descriptions and job responsibilities are not depicted in a written form.</p> <p>There are no evaluations for employees performances and there is no plan for improvement of the efficiency of the employees work.</p> <p>There is no compatibility between the employees work efficiency and organization's program goals.</p> <p>Salaries are not competitive. Employees have no benefits.</p> <p>Organization does not comply with taxation and labor rules.</p> <p>There are no mechanisms for resolution of claims or disputes.</p>	<p>in compliance with the manager's views concerning the work to be carried out.</p> <p>There might be work performance efficiency system but it does not always include activities, envisaged by the job description.</p> <p>Non-governmental organization has identified means for job trainings for its employees.</p> <p>Organization has a number of benefits for employees but the salaries are not competitive.</p> <p>Non-governmental organization complies with a number of labor and tax legislation provisions.</p> <p>There are procedures for resolution of claims and disputes but they are not used.</p>	<p>Organization plans human resources policy but this planning is not the part of work performance or strategic planning process.</p> <p>Training plan is elaborated in compliance with the system of human resources development needs.</p> <p>Salaries and benefits are distributed according to existing structure but they are not fully competitive.</p> <p>Tax and labor legislation rules and requirements are usually observed.</p> <p>Procedures for claims and disputes are followed but it does not have regular nature.</p>	<p>positions and they are competitive.</p> <p>Benefits policy is officially documented and implemented.</p> <p>Non-governmental organization complies with the standard requirements of tax and labor legislations.</p> <p>Supervision is carried out on regular basis.</p> <p>Conflicts and disputes are regulated according to the procedures in case of necessity.</p> <p>Health care and safety policy are in place.</p>
Diversity	Employees and the board represent neither the	There is no relevant policy, but there is the need and	There is a policy according to which the Board and	Community's diversity is represented among the

	community diversity nor involved parties' interests.	interest to have different members of the community represented among the staff.	employees composition have to be diverse, but organization's staffing is not so diverse yet.	Board and staff members.
Organization of Activities	<p>There is no understanding that accurate organization of the work process is as important as issuing instructions and directives.</p> <p>There are no mechanisms to coordinate activities of different staff members.</p> <p>There is no awareness of the importance of team work.</p> <p>Meetings are held irregularly, with no preliminary objectives and agenda, minority interests dominate and no specific results are achieved.</p> <p>The staff carries out only technical tasks, they are not taking part in the decision making process and are not well-informed.</p> <p>There are not officially recognized trends or mechanisms for establishing relations between different non-government organizations.</p>	<p>The work process is organized by the manager.</p> <p>Due attention is not paid to the work process or organization of activities except for the scheduled ones.</p> <p>Work plans are developed on individual, department, project levels but these plans are not coordinated according to their functions.</p> <p>Regular meetings of employees are arranged in accordance with respective procedures.</p> <p>There are some consultations on certain decisions with designated employees.</p> <p>Inter organizational communications and meetings are held on informal level.</p> <p>Employees and management are better aware that there is lack of communication between</p>	<p>Vertical, top to bottom way of thinking prevails and the senior managers make major decisions.</p> <p>Different work methods are used.</p> <p>Employees views are taken into consideration. It is accepted that they can make useful decisions concerning their work organization.</p> <p>Team work is stimulated and activities are distributed among the departments and different positions.</p> <p>Relations are open and inter-hierarchical. It unites organizational units/project structures.</p> <p>Staff knows how to participate in the meetings and understand decision making procedures.</p>	<p>Board and staff members.</p> <p>Staff meetings are held regularly.</p> <p>Employees participate in the decision making process of management.</p> <p>Team work is perceived positively.</p> <p>Information is spread freely between the employees.</p> <p>Employee teams are encouraged to take responsibility for initiatives and be motivated.</p>

		them. This results in frequent duplication of actions.		
Financial Resources				
Accounting	<p>Financial procedures of non-governmental organizations are not perfect.</p> <p>There are no separate accountings yet developed for individual projects and the operational funds are not segregated in the organization.</p>	<p>The principal financial bookkeeping systems are in place.</p> <p>There are account categories, project funds are divided, but there is frequent overlapping in financing of certain projects.</p>	<p>Most of non-governmental organization funds are separated and they are trying to avoid overlapping in financing of different projects.</p> <p>Financial procedures and accounting systems are developed and are in place, they are functioning partially.</p>	<p>Financial procedures and accounting systems are in place and fully operational.</p> <p>There are separate accounts for separation of different project funds.</p>

Financial Resources				
Budgeting	<p>There is no budget in the organization or if there is one, it is inaccurate. Budgets are compiled in compliance with the requirements of financial donors.</p> <p>Budget application as a management instrument is not well-established and moreover, projection of budget is not very reliable.</p> <p>Non-governmental organization has no mechanism for budget controlling.</p>	<p>Budget is planned and made for all project activities but there are frequent over-expenditures or the under-spending.</p> <p>Executive directors or accountants are the only employees who are aware of budget information.</p> <p>No audit of the budget is carried out.</p>	<p>The actual amount of expenses often differs from the planned budgets.</p> <p>Financial manager(s) often hold consultations with the heads of departments and divisions on the issues of planning the budget and its expenditure.</p> <p>Budget is compiled in compliance with program plans.</p> <p>Budget is controlled on regular basis.</p>	<p>Budgeting process is inseparable part of the annual plans.</p> <p>There is a financial department, which is responsible for preparation of annual budget, its management and implementation.</p> <p>Annual financial projections are carried out.</p> <p>Annual budgets are replenished.</p> <p>Budget control has a regular character.</p>

	Non-governmental organization has no financial department, which would work on preparation and management of the budget.			
Stock control/audit	<p>Non-governmental organization does not have clearly established procedures for management of credit and debit indebtedness. There are no procurement or stock control systems in place.</p> <p>No external audits and financial reviews are carried out by the outside organizations.</p>	<p>Non-governmental organization has set up financial control systems but these procedures are not implemented yet.</p> <p>Independent audits or financial reviews are done by the outside organization very seldom, and if they are done at all, they are done due to the request of the financial donor.</p> <p>No stock control system is established.</p>	<p>Non-governmental organization has relevant financial and stock control systems.</p> <p>Independent and internal audits are held on the local basis.</p>	<p>Stock control systems are in place.</p> <p>Stock control reports are taken into account.</p> <p>Procurement system is in place.</p> <p>Internal audit is held regularly.</p> <p>External audit is held regularly.</p> <p>Expenditure is controlled according to the project limits.</p>
Financial Statements	<p>Non-government organization does not have any reporting system for its financial status.</p> <p>Financial statements are usually prepared with the help of donors.</p> <p>Financial statements are not accurate, they are not complete, and they are difficult to understand, they</p>	<p>Non-governmental organization has a system for developing financial statements but financial statements are prepared only after financial supporters request their submission.</p> <p>Financial statements are not duly prepared. They are not complete to the extent to be used for long-term</p>	<p>Non-governmental organization periodically prepares accurate and complete financial statements, which are submitted with the Board and Management.</p> <p>Non-governmental organization uses financial statements (if they exist at all) for long-term planning.</p>	<p>Financial statements are prepared annually by the registered auditor company. They are published and distributed.</p> <p>The account contains balance and attachments.</p> <p>Financial statements are discussed by the financial committee of the Board.</p>

	are not submitted on time. Financial statements, if any at all, are not used for planning or review purposes.	planning. No financial statements are controlled by the fiscal committee of the Board.	External auditors perform preparation and distribution of annual financial statements.	Financial statements are used for planning and review.
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Financial Resources				
Diversification of Revenue Sources	<p>Non-governmental organization has one financing source.</p> <p>Non-governmental organization does not have enough capacity to diversify its financing sources or to have tenders in order to execute contracts.</p> <p>Non-governmental organization is not engaged in activities that would help to recover costs or generate incomes.</p>	<p>Non-governmental organization is aware of the need to diversify its financial resource but has not yet worked out the strategy for achieve this.</p> <p>Non-governmental organization has no capacity for tenders in order to enter into contracts.</p>	<p>Non-governmental organization has identified more than one international financing organization but it has not yet established local contacts.</p> <p>Non-governmental organization has worked out a plan for cost recovery and income generation but it still has left a number of actions to carry out.</p> <p>Non-governmental organization has enough qualification for taking part in tendering procedures in order to get contracts, but it still is not clear whether their proposals will be granted.</p>	<p>Non-governmental organization has a lot of financial supporters.</p> <p>Cost recovery/income generation plan is in place.</p> <p>Non-governmental organization can take part in tendering procedures, win and get contracts.</p> <p>Non-governmental organization has a strategy to carry out diversification of financial sources.</p>
Services				

<p>Expertise in the Sector</p>	<p>Non-governmental organization has clear ideas of how to satisfy target team requirements.</p> <p>Non-governmental organization has a little experience in its activities, namely in its planned activities.</p> <p>Non-governmental organization has no work experience in this sector and lacks experience in maintaining recording/bookkeeping documents.</p>	<p>Non-governmental organization has a growing experience in targeted sector, but it is not recognized as an expert in this sphere.</p> <p>Non-governmental organization has potential to improve qualifications according to the needs of the targeted sector.</p> <p>Non-governmental organization provides services, which do not correspond to the interests of the interested parties.</p>	<p>Non-governmental organization has sufficient experience in the targeted sector and it is invited to make its contribution to the discussions regarding the sector.</p> <p>Non-governmental organization is capable of providing efficient and adequate services to the interested parties.</p> <p>Non-governmental organization begins to implement systems for collecting fees for its services and activates other mechanisms that will make the organization financially viable.</p>	<p>Non-governmental organization has adequate expertise in its area of activities.</p> <p>Its expertise is acknowledged by a wide range of shareholders.</p> <p>Non-governmental organization is capable of adapting the program and providing the services most demanded by shareholders.</p>
<p>Obligations of the interested parties</p>	<p>Services that non-governmental organizations carry out are determined only by funding organizations or managers without involvement of the interested parties.</p> <p>Non-governmental organization programs (as they do meet the actual requirements) are not effective, adequate, profitable and timely.</p> <p>Non-governmental</p>	<p>Non-governmental organization wants the interested parties to take part in the determination of its services, but it does not do so systematically or in all details.</p> <p>Non-governmental organization has identified resources to conduct trainings of the interested parties in programs and technical issues on the spot.</p> <p>Non-governmental</p>	<p>Non-governmental organization has mechanisms for involving interested parties in project planning and implementation process, monitoring and evaluation procedures.</p> <p>Non-governmental organization is going to transfer management responsibilities to the interested parties and provide trainings and organizational support in</p>	<p>Program priorities are based on actual needs and demands.</p> <p>Program priorities and services are determined through cooperation with the interested party.</p> <p>Programs are effective, adequate, profitable and timely.</p>

	organization does not work on improvement of its viability and capacity. It does not conduct trainings or provide technical support to the interested party.	organization programs are not effective, profitable or timely. Non-governmental organization has not identified resources for rendering help to the parties interested in forming organized capability.	the process for setting up capability. Programs are becoming more effective, adequate, profitable and timely.	
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Services				
Evaluation	<p>Non-governmental organization has not yet set up system for monitoring and evaluating its program/project achievements</p> <p>Non-governmental organization has no mechanisms for evaluation of influence indicators, setting up its basic activities or evaluation of effect of its activities.</p>	<p>Non-governmental organization has capability to evaluate individual projects for determination whether the project activity took place in the way, as it had been planned and whether the specific project goals have been achieved. Results are not used for adjustment of the program.</p> <p>Non-governmental organization has no basic database or the system to monitor its activities.</p> <p>Results and indicators have been worked out in accordance with the request of the financial supporter.</p>	<p>Non-governmental organization has identified indicators without involvement of the interested parties. It has collected basic data for monitoring of the project activities, but does not use the collected data for project modification.</p> <p>Non-governmental organization is aware of the need to work out capability evaluation in order to measure its effectiveness, but could not establish the system.</p>	<p>Simultaneous development of different indicators.</p> <p>Indicators were identified for specific project goals.</p> <p>Analysis of basic and impact data is conducted regularly.</p> <p>Impact evaluation results are used for adjustment of the program.</p> <p>Results are disseminated.</p>
Development of Marketing and Publicity	Non-governmental organization does not apply	Non-governmental organization had awareness	Non-governmental organization is carrying out	Programs are marketed for the interested parties.

	<p>efforts for program marketing for the interested parties.</p> <p>Non-governmental organization works on informing and developing awareness of the interested party.</p>	<p>of the necessity of program marketing.</p> <p>Non-governmental organization carries out programs for educating and increasing awareness about programs locally, with the help of available resources and not based on the requests by the interested party.</p>	<p>marketing activities but it still lacks the strategy.</p> <p>Non-governmental organization has a plan for increasing awareness and informing interested parties.</p>	<p>Non-governmental organization actively conducts educational activities and works on creating awareness among the interested parties.</p>
External Relations				
Relations with the interested party	<p>Non-governmental organization's agenda is mainly determined by the founders and management, with no or very little involvement of the interested party.</p> <p>Non-governmental organization is located in the centre of the city and its central office is quite far from the place of its main activity, which makes it difficult for the interested parties to participate actively in the process.</p> <p>Non-governmental organization develops systems and programs vertically, from top to bottom direction.</p>	<p>Non-governmental organization's work is focused on the work on the spot and is considered from the interested party as an ally.</p> <p>Non-governmental organization enjoys a growing confidence among goal-oriented interested party and financial supporter, who are interested in the development of the sectors.</p> <p>Non-governmental organization is not yet considered as a partner of the interested party.</p>	<p>Non-governmental organization is carrying out its activities on the spot of project activity implementation.</p> <p>Non-governmental organization has involved the interested parties in the decision-making process.</p> <p>Non-governmental organizations consider the interested parties as responsible party for providing counterpart resources.</p> <p>Non-governmental organization provides resources for targeted community to give them possibility to contribute to development of organization's capability.</p>	<p>Interested parties consider the non-governmental organization as a reliable partner.</p> <p>Interested parties consider the non-governmental organization as an important resource.</p> <p>Relation between the non-governmental organization and the interested parties represents one of the forms of partnership aimed at implementation of a common goal.</p>

External Relations				
Cooperation between non-governmental organizations	<p>Non-governmental organization has no work experience with other local or international non-government organizations.</p> <p>Non-governmental organization is not known or it enjoys no trust among the community of non-governmental organizations.</p> <p>Non-governmental organization has no cooperation plans with other non-governmental organizations, who are working actively in the same region or same sector.</p> <p>Non-governmental organization is not well aware of its role in the protection and development of public policy.</p>	Non-governmental organization becomes more and more known in the community of non-government organizations and their trust towards it increases, but the organization still has little experience of how to cooperate with the others.	<p>Non-governmental organization works with the international or other local non-governmental organizations.</p> <p>Non-governmental organization participates in and supports network of non-governmental organizations, but it does not yet play a leading role in any coalition of non-government organizations.</p> <p>Non-governmental organization conducts selective propaganda.</p>	<p>Non-governmental organization has established contacts and shares resources with other national and international non-governmental organizations.</p> <p>Non-governmental organization plays its role in the development of the network of NGOs coalition.</p> <p>Non-governmental organization participates in the activities to promote its activities.</p>

<p>Cooperation with the Government</p>	<p>Non-governmental organization does not cooperate with the government organizations, which work in the same sector or geographical area.</p> <p>Relations of a non-governmental organization with the government is marked with rivalry.</p>	<p>Non-governmental organization has identified common interests with the Government, shares them with the government and their relations are friendly.</p> <p>Non-governmental organization cooperates with different organizations or representatives of government on the issues of its work and activities in the specific sectors.</p>	<p>Non-governmental organization's relations with the government are friendly and often informal.</p> <p>The Government often involves the non-governmental organization is implementation of tasks connected with specific projects or they cooperate on the issues characteristic for the NGOs area of activities.</p>	<p>Non-governmental organization have contacts with the decision-makers.</p> <p>Non-governmental organization is capable of joining the dialogue with the policy-makers.</p> <p>Non-governmental organization and the government exchange resources.</p> <p>Non-governmental organization's activities and recommendations are part of the government's development plans.</p>
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<p>External Relations</p>				
<p>Cooperation with Founders</p>	<p>Non-governmental organization considers its financial supporters as a resource of financing its activities and has not yet established due relations. The non-governmental organization does not participate in the forums and agendas prepared by the financial supporters.</p>	<p>Non-governmental organization has received financing but should document this financial transaction. It should also have confidence in the financier to be invited for participation in the financial supporter' forums.</p>	<p>Non-governmental organization has reliable financial records, it gained confidence and it is often invited by financial supporter to the discussions of sectoral issues for its own contribution.</p>	<p>Non-governmental organization has established various contacts with financing community.</p> <p>Non-governmental organization is considered by the financial supporter as a reliable and valuable partner.</p> <p>Non-governmental organization has a capability to lead an open and sincere dialogue with</p>

				the financing bodies.
Public Relations	<p>Non-governmental organization is not well known outside the area of its activities or interested parties.</p> <p>Non-governmental organization has not its clearly formed image to be presented with the community.</p> <p>Non-governmental organization has not yet produces a public document, which provides information to the community concerning its goals and activities.</p>	<p>Non-governmental organization is recognized in its community, but very little is done to spread information about its activities outside the community or among the decision-makers in the government.</p> <p>Non-governmental organization is aware of the importance of public relations but is not capable of leading sufficient PR campaigns.</p>	<p>Non-governmental organization's contacts with the main decision-makers are limited and its relations with the community are restricted.</p> <p>Non-governmental organization has a clearly formed idea on sufficient public relations, but they still need to be developed as a political platform.</p>	<p>Non-governmental organization is engaged in public relations activities and has a positive image among interested parties.</p> <p>Interested parties understand the goals of non-governmental organization and the information concerning its activities is publicly spread.</p>
Local Resources	<p>There is a tendency in the non-governmental organization to suspect private business and the NGO distrusts private business activities.</p> <p>Non-governmental organization does not work together with any representative of the private business for attracting resources, technical expertise or influence.</p> <p>Non-governmental organization's plans are not targeted at usage of locally</p>	<p>Together with the support by the interested parties, non-governmental organization started to identify local support.</p> <p>Non-governmental organization looks for technical support from the private sector and government sources.</p> <p>Non-governmental organization buys goods and services from the private sector.</p>	<p>Non-governmental organization gets help from local private sector and government agencies, but the projects still depend on the current support by external financial supporters.</p> <p>Non-governmental organization has invited representatives of the private sector to work in the Board or to occupy the positions of technical advisers.</p> <p>Non-governmental</p>	<p>Non-governmental organization has relations with private sector concerning the technical expertise, material and/or human resources.</p> <p>Non-governmental organization participates in community partnership programs.</p> <p>Non-governmental organization has mechanisms to support development of working relations with the civil society.</p>

	<p>available resources.</p> <p>Non-governmental organization is not an active member of the community's public activities.</p>		<p>organizations are in active relations with some other public organizations.</p>	
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External Relations				
Media	<p>Non-government organization has no relations with the media and its work is unknown to them.</p>	<p>The work of a non-governmental organization is unknown outside the community.</p> <p>Non-governmental organization does not know how to use media to inform community about its work and activities.</p>	<p>Non-governmental organization has its own contact persons in the media, through which it can inform the community about important events taking place in the NGO.</p> <p>Non-governmental organization has attracted attention and media has provided consultations on relevant issues.</p>	<p>Non-governmental organization has a strategy for work with the media.</p> <p>Non-governmental organization had a positive coverage from media.</p> <p>Media has consultations with the non-government organizations concerning relevant issues.</p>
Sustainability				

<p>Programs/Benefits/Sustainability</p>	<p>Non-governmental organization's interested parties do not recognize/notice the positive impact of the services or programs carried out by the NGO.</p> <p>Non-governmental organization has no awareness regarding its future development or plans.</p> <p>Non-governmental organization does not cooperate with local institutes.</p> <p>Non-governmental organization does not share its experience of its activities.</p>	<p>Non-governmental organization's interested parties are aware of the positive character of NGO's services and programs, but the interested parties are not able to continue these activities without support by the non-governmental organization.</p> <p>Non-governmental organization still needs to develop its relations with local organizations and it does not yet provide help to them in enhancing their sustainability.</p>	<p>Interested parties of a non-governmental organization are aware of the received benefits and are involved in the decision-making process concerning provision of service and programs, but they still depend on the help from the non-governmental organization.</p> <p>Non-governmental organization has developed contacts with local organizations, it provides training and carries out technical support for enhancing their sustainability, but there is no strategy for sufficient planning of activities in place yet.</p>	<p>Non-governmental organization's programs are supported by those organizations, which enjoy its services.</p> <p>The community has a sense of accepting and enjoying service of an NGO.</p> <p>Non-governmental organization has developed plans for continuation of its program activities for short and long-term periods.</p> <p>Non-governmental organization has worked out strategy for program phasing.</p> <p>Non-governmental organization is ensuring transfer of local skill.</p>
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Sustainability				
<p>Organizational Sustainability</p>	<p>Non-governmental organization lacks vision of developing partnership with other organizations and a skill to participate in the civil society activities.</p> <p>Non-governmental organization has no awareness of its role as a partner in developmental activities.</p> <p>Non-governmental organization is not involved in unions and networks.</p>	<p>Non-governmental organization has an overall vision, but lacks the ability and understanding of how to cooperate with the other partners in order to develop.</p> <p>Non-governmental organization is a member of unions and networks, but has no possibility to provide leadership.</p>	<p>Non-governmental organization has a clear vision of its role and skills, which is necessary for participation in the developmental activities.</p> <p>Non-governmental organization participates in the activities of non-governmental organizations' network and unions, but it does not fulfill the role of a leader in the community of NGOs.</p> <p>It is considered that the non-governmental organization has a relevant qualification in the sector, but it is not considered to be a leader and no consultations are provided to it by financial supporters or the Government.</p>	<p>Non-governmental organization has a single idea about its role in the community.</p> <p>Non-governmental organization is a member of a main non-government organizations network.</p> <p>Non-governmental organization provides preliminary exchange of information.</p> <p>Non-governmental organization is a participant of a dynamically developing network of NGOs.</p> <p>Non-governmental organization has contacts with international non-governmental organizations, educational institutions, governmental organizations, research institutes, civil institutes and private sector.</p> <p>Non-governmental organization has capability</p>

				<p>to review its own structure according to organization's developmental needs.</p> <p>Non-governmental organization knows the legislation, which applies to the activities of non-governmental organizations.</p> <p>Non-governmental organization contributes to the creation of relevant environment for development of non-governmental sector.</p>
Financial Sustainability	<p>Non-governmental organization has restricted access to financial availability and it does not recognize the need for diversifying its revenue resources.</p> <p>Non-governmental organization cannot allow itself not participate in tenders proposing development of project financing.</p> <p>Non-governmental organization has not established contacts with local financial resources.</p>	<p>Non-governmental organization started to recognize the need for obtaining alternative resources, but it has elaborated no specific direction or a plan.</p> <p>Non-governmental organization has no connections with local government or private businesses representatives.</p> <p>Non-governmental organization can develop proposals for project financing but has no direct relations with the funding community.</p> <p>Non-governmental</p>	<p>Non-governmental organization has started to investigate alternative financial resources through development of relations with government and private business representatives.</p> <p>Non-governmental organization has found alternative resources in the form of contributions and in the form of membership payments.</p> <p>Non-governmental organization started to verify its financial resources and develop mechanisms for profitability of its programs.</p>	<p>Non-governmental organization has accessibility to different financial resources, which will contribute to sufficiency of its activities.</p> <p>Non-governmental organization has established fees for its services and/or designed mechanisms for cost recovery connected with the provision of services.</p> <p>Non-governmental organization has a strategy for gaining financing and capability to implement this strategy.</p> <p>Local financing resources</p>

		organization has no necessary skills for tendering procedures.	Non-governmental organization takes part in tenders, but it has won in the tenders very rarely.	have been identified. Non-governmental organization has capability to create proposals and participate in tenders. It has won a number of tenders.
Sustainability of Financial Resources	<p>Operational funds of the non-governmental organization come only from one source and they are used at one time for financing one short-term project.</p> <p>Non-governmental organization does not understand well the need to become self-financed body and has not tried yet to identify local resources.</p> <p>Financing of non-governmental organization is not sufficient for fulfilling plans or provision of project services.</p>	<p>Non-governmental organization has financial resources only for short-term projects and unexpected expenses.</p> <p>Non-governmental organization can prepare budget for long-term programs, but it still depends on one financial supporter.</p> <p>Non-governmental organization begins to study possibilities to generate local resources but has not yet identified or mobilized them.</p>	<p>Non-governmental organization has funds for financing short-term projects, but has developed financing plan and strategy for medium-length projects.</p> <p>Non-governmental organization can recover some part of its expenses through locally obtained resources, service fees, by obtaining regular funds, etc.</p> <p>Non-governmental organization has identified local resources from government and private sector and these funds are accessible for the NGO.</p>	<p>Non-governmental organization has identified local financial resources.</p> <p>Non-governmental organization has implemented the plan of diversification of financial resources.</p> <p>Non-governmental organization has its plans for obtaining additional financial resources to finance the current activities.</p>

2. Fund Raising Strategies for CBOs .

For successful fund raising, organization needs to elaborate an effective plan, which will help the organization to find new donors, become more viable, and improve its efficiency of work.

As we have seen, the fund raising strategy is worked out at the last stage after the organization has worked out the community development strategy, studied its own resources, identified priorities. The CBO may define competences for determination of fund raising strategy.

What does it Mean to Define Competences?

In order to better identify the fund raising strategy, it is desirable to create a village map (community development map). All objects that require attention from the community union must be marked on this map, e.g.: school, road, ambulance station, etc.

Quite frequently, during presentation of a project to the external donors for funding rehabilitation or other types of work, the donors are asked to allocate greatest part of the funds. For example, for rehabilitation of schools, the state allocates certain funds in accordance with the budget replenishment, while some funds can be allocated by local government agencies and school's Board of Trustees. The fund raising strategy in the first place implies definition of responsible persons for implementation of the project, then definition of interested parties for efficient implementation of the project, and at last definition of its final user. In our example, the parties interested in the rehabilitation of the school may be the following: 1) the local government, which does not want the community population to migrate from the village; 2) local entrepreneurs who want to have a high level of education in the community which will enable them to develop their own business based on local highly qualified staff; 3) former students who will improve their authority by helping the school, etc. Parents are the direct users, who take care of the school rehabilitation with the help of the Board of Trustees. Funds allocated by the external donors may be spent only for the types of work that cannot be covered by the abovementioned resources. The persons or agencies involved should be considered as shareholders and the community union should try to develop counterpart relations with them.

Five main components for effective fund raising:

1. Think about the motivations of individual persons or groups to make contribution;
2. Study your project thoroughly;
3. Get acquainted with the potential sources of financing;
4. Develop the strategy;
5. Study your organization and its resources;

The analysis of the abovementioned is within the competence of the fund raising committee.

The next no less important stage in the development of fund raising strategy is working out mechanisms of contacts with potential donors.

What is the principle motivation of a group or individual persons to make contributions?

“People help each other” is a widely spread phrase for fund raising. It is a fact that 75% of contributions in the world are donated by individual persons. There are several examples of motivations of individual persons:

People like to help others;

They might have a personal interest in the group or the issue for which they give out contributions;

They want to be recognized for their deeds;

They find pleasure in making contributions;

Satisfaction of one’s ego;

Sometimes people want to take part in the work of the organization through issuing either money or spending its own time;

Civic dignity;

Religious beliefs;

Feeling of sympathy or sorrow;

Community pressure;

Feeling of guilt;

Response to the request to make a contribution.

If you do not understand the motivations why people make contributions, you won’t be able to set up a program to be financed.

Get well acquainted with your project

Before making contributions, people would like to know what it is that they are financing. The questions, which you must answer, are as follow:

- What is the cost of the project?
- What will be the benefit for community and the organization?
- How much exactly do you need and not how much you expect to raise for the project?
- When do you need the money?

The accounting and cash flow operation methods should be showed in the project.

Potential Financial Sources

Form №35

3. Potential Sources for Financing

Project Object	Responsible Person/Agency	Interested Party	User	External Donor
School	Ministry of Education	Local government	Community, parents, board of trustees	The donors in Georgia or in foreign countries who are funding the priority spheres
		Local businessmen		
		Former students, at present successful businessmen or those who left for foreign countries		
Emergency Room	Ministry of Health	Local government	Community, village inhabitants, doctors	
		Local businessmen		
		Successful businessmen who are former residents of the community, and whose relatives still remain in the community		
Motorway	Ministry of Highways and Transport	Local government	Community, village inhabitants	
		Local businessmen		
		Successful businessmen who are former residents of the community, and whose relatives still remain in the community		

Develop the strategy;

The above given map determines potential donors, their motivations in effective implementation of the project. After analysis of this information, you can select specific forms of cooperation with them.

There are several methods of gaining financing. They are:

Different measures that are used for fund raising;

Individual contributions;

Funding from private sector and companies;

Country, region or local governments;

Select from the abovementioned sources the ones that are most difficult to achieve for you. You can use more than one strategy. Discuss these factors in your strategy.

Time Limit. Determine how urgent the funding is for you.

How much financing do you need? The projected financing should correspond to the real expenses of the project. Ask for specific amount of money and pay attention that the sum is realistic.

Available Resources. Determine the number of volunteers costs and time needed for carrying out the fund raising campaign.

Project Profile. You should present to the person contributing money specific results you will get after implementation of the project. (e.g.: public relations and personal profit of individual persons).

Determination of the project profile will help you to determine geographic area of the campaign.

Environment. Different sources of financing might give you possibility to make some economy.

Reliability. If you consider obtaining of more than one source for financing, (e.g.: one fund raising campaign should be coordinated with others), preliminary donations might have positive effect on individual donations.

Values. Organization should support the fund raising method. It may happen that the organization or committee does not approve some fund raising methods (e.g.: lottery, special measures).

When you select an individual person or business as a target fundraiser, you should focus your efforts on targeted area through selection of priorities. Select those who will be most interested in your project and develop the complete list of activities.

Preliminary determine the amount of funds you are asking for, look for information concerning the interests, goals of potential donors; try to find out the relevance of your project with their interests, then you can give answer to the question whether your project goals correspond to the interests and needs of a potential donor. Also, determine other alternatives, viz. what else can you get from the potential donor other than money, e.g.: moral support, connects, recommendation letter or some type of product. Make sure that the method selected by you for fund raising suits the specific potential donor.

Study Your Own Organization and Its Resources

Research the image or reputation of your organization in the community (what might be the impact of your organization in the fundraising effort)

Evaluate past efforts in fund raising to determine effective strategies (learn on your own mistakes).

Make sure that the CBO members fully support the project – inner apathy might have adverse effect on fund raising results.

Study your CBO tax payment status in accordance with the NGO tax legislation.

Fundraising Committee

The abilities of the Committee members should correspond to the organization's needs.

The Chairman or the director coordinates the efforts to prevent duplication of efforts and contacts.

The Committee defines strategic goals for fund raising and target groups.

The Committee determines the role of each individual in fund raising campaign.

Special trainings are held for the volunteers participating in the fund raising campaign in order to increase their effectiveness in all specific actions they take.

The Committee regularly holds consultation sessions for the involved,

The Committee periodically organizes assessment sessions to evaluate achievements.

Works out fund raising system, with full description of their roles and fund raising campaign.

The Committee designs the fund raising systems, which will describe the role of every participant and the overall fund raising campaign.

The Committee discusses all potential issues connected with the fund raising. It works out potential solutions in advance.

Additional remarks:

You should make it easy for the donor to finance you (allow bank deposits, mailed donations, etc.)

Identify the responsible person in the organization who is in charge of making decisions concerning contributions.

Make appointments for interviews.

If a donor refuses to finance your project, do not be disappointed, be satisfied with the moral support and accept the refusal with the due dignity.

Write down all contact information, data on the contributions, comments. This will help you not to approach one and the same people twice. (e.g.: it will be helpful to have notebooks or a diaries for such records)

Make sure that after financing you, the donor receives follow-up information and a letter of gratitude from your organization.

Pay attention that all the donors receive detailed information concerning successful development of the project.

Do not make the donor feel that you do not know the project for which you are asking financing.

Send information to the newspapers concerning your project and guarantee maximum acknowledgment of donors.

3. How to Write Project Proposals

As of today, the main sources of financing for non-governmental organizations are grants provided by donor organizations.

In order to obtain a grant, an organization should know how to write project proposals correctly. We should also note that the term *Project* may be used with two different meanings. On one hand, it may mean the plan or program of activities; while on the other hand, it may mean the document submitted with the donor, or application. These two meanings go together, therefore, in this chapter, *Project* shall mean the document that is usually submitted with a donor.

Proposals are written according to some specific rules. Despite the different requirements of donors in regard to writing proposals, there are general rules and details that would apply to any kind of proposal. So, it's always useful to take these details and rules into consideration when writing project proposals.

After you decide to submit a proposal with a donor organization, carefully study requirements of tender.

Different donor organizations have different requirements and you should pay special attention to all the details listed in their requirements. We may say that the guidelines to follow when writing a project proposal are the requirements listed in the grant tender announcement.

Let's consider the main sections of project proposals.

Main Sections of Project Proposal

Main sections of the project proposal are:

- Brief Annotation;
- Information about the organization;
- Project conception (idea);
- Work plan;
- Budget;
- Projected outcomes.

Different donors may have different sequence of these sections or it may happen that some of these sections may be missing completely. Their names are also quite arbitrary. Final drafts of specific proposals are written by specific requirements, e.g. requirements for allocating funds, peculiarities of problems and activities needed for their solutions, etc.

The most important ones out of project proposal sections are project conception, work plan, and budget. We shall consider these three sections first.

Project Conception

Project conception is basically made of two parts. The first part describes the nature of problem and proves its importance. The second part covers the goals and objectives of the project.

The activities of the project should necessarily correspond to the goals and objectives listed in the organization's charter. Also, the organization should have priorities of its activities already identified in order to approach the donor sharing the similar interests.

Before actually starting to write a project proposal, it is necessary to collect information concerning the problem raised in the project. This information is needed for proving actuality of your project. You should convince the donor organization that specifically your project deserves financial support. You need to obtain strong arguments to convince them. Although your project proposal should be well-argued, it does not mean that your proposal can include general, subjective and emotional statements. No donor will consider your project seriously if it is based on general arguments and phrases.

What kind of arguments should be included in your proposal?

First, your proposal should include the statistic data connected to the problem. You can also put different analytical data in your proposal. Unlike statistics, which often are dry and simply describe the concrete situations, problem analysis allow the reader to better understand the concept of the problem.

Answering the following questions will help you in writing this part of the proposal:

- Which part of the community does this problem effect?
- Which geographical area does it cover?
- What are the optimal ways of solving the problem?
- Which way of the problem solution do you choose and why?

- What is the project duration?
- What resources are needed for project implementation (human, financial, technical, informational and time resources)?
- What is the capability of your organization to implement this project (experience, professionalism, a big number of volunteers, reputation, public trust, technical equipment, etc.)

Project conception should be written in a simple, common language. You should keep in mind that the reader might know nothing about the existence of the problem. You should explain everything clearly. The project language should answer all potential questions.

Goals and Objectives

After you define the problem, which your project shall solve, you should define project goals and objectives. Accurately set goals and objectives determine the results of the project.

Your goals should describe what you are planning to achieve within the project.

Unlike project goals, project objectives should describe specific issues in details. Objectives are measurable and they envision activities planned in time. Assessment of their results is easy.

You may set two or more objectives to achieve your goals depending on the problem your project is working on.

Remember that the donor organization shall not finance your project if your proposal only describes general goals. Activities that you shall carry out are directly connected with achieving your objectives, and you will have to document them financially. The donor organization gives out money for achieving your objectives. Therefore, you should stress your objectives in your proposal.

When defining your objectives, you should keep the following in mind:

- Objectives should be measurable;
- Objectives should be realistic and achievable;
- Objectives should be aimed at successful results;
- Objectives should clearly determine the target communities and needs that the project shall meet.

Work Plan

Work plans are created pursuant to the project conception. They envision trends of activities and specific actions that are to be implemented for successful finalization of the project. Work plan should be logically connected with your project goals and objectives.

Your work plan should answer the following questions:

- What is the organization planning to do?
- Who are implementers and responsible persons?
- Where?
- When?
- Why?
- How?

In your work plan you should describe all types of activities that you are going to carry out in order to achieve the desirable results. The reader should clearly understand (1) how the targeted activities are to be carried out, (2) what kind of equipment and technologies will be needed; (3) how will you provide services for the costumers; (4) how and where will you obtain additional resources?, etc.

The next stage covers timing of your activities. Frequently, organizations present this timing in a graphic form. This part should show all activities planned under the project and these activities should be described in details.

Date	Activity Description	Implementer	Location	Result

To sum up above information, your work plan shall include the following:

- Activities that you decided are important to solve the problem. In other words, what is to be done?
- Responsible persons. Persons involved in planned activities. Are these persons members of your organization or are you inviting outside persons?
- Place of activities (where);
- Time your activities (when?). It is desirable to plan your activities in different phases;
- You can explain validity and effectiveness of your suggested methods (why have you chosen this way of project implementation?)
- Describe the methods and procedures through which you will implement your activities (how?).

4. How to Write a Project Budget?

Budget is an important part of your project proposal. Well-planned budget is one of the preconditions for the success of the project. It is not always necessary to describe the problem in details, or sometimes the donor does not pay much attention to the methods you use for achieving your objectives, but the budget is the part of the project proposal that donors read attentively.

Budget is financial documentation of the activities listed in the work plan. Donors underline the importance of reasonableness, preciseness, and accuracy of the budget. Donors are always interested to know how much shall be spent on each activities in case of giving funding to the project.

While compiling the budget, the organization should determine all existing and needed resources and list respective expenses. Based on this data, the organization can write the budget for project proposal.

Different donors have different requirements for compiling budgets. Our model budget shall apply for majority of cases and with minor changes, you shall be able to compile your own budgets for submission with the donors. The presented budget consists of three categories:

1. *Salaries;*
2. *Basic direct expenses;*
3. *Indirect expenses.*

1. Salaries

You may have two subcategories for this part of the budget:

a) Salaries and honorariums and b) services of other contractors.

a) Salaries and Honorariums

This subcategory will include salaries for the organization's staff who shall working on the project. It should be clearly indicated who is employed full-time and part-time.

b) Services of Other Contractors

This subcategory shall include the salaries for the contractors who are hired by the organization under the contracts for providing some specific services.

2. Basic Direct Expenses

This category will include all subcategories that are specifically important for implementation of the project activities.

For Example:

Office Supplies:

This subcategory includes office equipment that the organization needs to implement the project, like computers, copy machines, printers, fax machines, etc.

Try to be realistic when requesting monies for office supplies and list only the supplies needed for operation.

Stationary:

This subcategory shall include stationary items, such as paper, markers, erasers, pens, pencils, staplers, etc.

Communication Expenses:

This subcategory includes costs of telephone calls, e-mail service, installing telephone line, etc.

Transportation:

This subcategory includes transportation costs such as traveling by cars or other transports, and gasoline. Also, it includes costs of business trips, more specifically travel and hotel expenses.

Construction Expenses:

This subcategory envisions costs for constructions as needed due to the project peculiarities. As we noted above, expenses should be as detailed as possible.

Office Rent and Communal Expenses:

This subcategory should include office and communal expenses for electricity, natural gas, water and other fees.

Other Expenses:

This category must include costs for all other services that do not qualify in other subcategories. For example, expenses for holding seminars or business meetings, testing costs, etc.

Banking Expenses:

This is a very important subcategory. Organizations often forget to cover banking fees. Banking services are chargeable. Therefore, banking fees should be projected in the budget. Banking service fees are calculated in accordance with the total budget amount of the project and varies from 0,5% to 1% of the total budget amount.

3. Indirect Expenses

This category of the budget includes only unexpended expenses that are not financed from all the funds. As a rule, this costs are calculated from the total amount of the project and makes about its 5 – 10%.

Frequently budgets include the column, which includes other resources obtained additionally. We can call this category Other Sources or Existing Sources. Donors often request that the organizations include their own or other funds gained from other resources in the budget. If you are requested to do so, it is desirable to indicate additional resources needed for replenishing your budget. These resources might not even be monetary and they may infer human resources, equipment, office space, etc. You will just have to calculate costs of these resources and include them in your budget.

Even if the donor does not require you to indicate additional resources, it is always useful to include them in your budget. This will increase trust and credibility of your proposal.

Budget should be compiled in form of a table. Below we offer a model budget.

Project Budget (USD)

Salaries

Salaries and Honorariums

Number	Position	Salaries	Half-time or full-time	Duration of work	Total	Existing	Requested
1	Coordinator	\$150	100%	12 months	\$ 1 800	,	\$1 800
2	Assistant	\$75 x 2	100%	11 months	\$ 1 650	,	\$1 650
1	Secretary	\$50	50%	8 moths	\$ 400	,	\$400
1	Accountant	\$120	100%	12 months	\$1 440	\$ 1 440	
Total						\$ 1 400	\$3 850

<i>Services of Other Contractors</i>					
	Salaries per day	Number of days	Total	Existing	Requested
Lawyer – consultant	\$ 20	30	\$ 600	-	\$ 600
Installation of equipment	\$ 10	5	\$ 50	\$ 50	-
Total			\$ 650	\$ 50	\$ 600

Basic Direct Expenses

Office Equipment

	Total	Existing	Requested
Computer Pentium 113 Monitor – 14 16Mb-Ram, 800Mb-Hdd for preparation of materials		-	\$ 1 000
Printer 5L for printing of materials	\$ 650	-	\$ 650
Copy machine 5009, with spare parts for making copies of materials	\$ 850	\$ 50	\$ 800
Total	\$ 2 500	\$ 50	\$ 2 450

Stationary

	Total	Existing	Requested
Stationary items \$ 50 per month – 1 year	\$ 600	-	\$ 600

Office Rent and Communal Expenses

	Total	Existing	Request
Office – two rooms 60square meters. \$300 per month * 12 months	\$ 3 600	-	\$ 3 600
Communal Services 20 per month* 12 months	\$ 240	-	\$ 240
Total	\$ 3840	-	\$ 3840

Communication and Mailing Expenses

	Total	Existing	Requested
Communication Costs \$120 per year	\$120	,	\$120
Mailing Services \$50 per year	\$50	,	\$50
Total	\$170	,	\$170

Traveling Expenses

	Total	Existing	Requested
Renting an automobile - \$ 50 per day – 30 days per annum	\$1 500	-	\$ 1 500
Gasoline for travel (20 days, 40km. per day, \$0.30 per liter (BA3-2121)12 liters per 100km.	\$28. 80	\$28.80	-
\$ 8 for the trip / Racha – 2 persons for 30 days	\$480	-	\$480
Unexpected expenses \$70 annually	\$70	-	\$70
Total	\$2 078. 80	\$28.80	\$2 050

Total Basic Direct Expenses	\$ 9 188.80	\$75. 80	\$ 9 110
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Total Basic Direct Expenses + Salaries	\$ 15 128. 80	\$1568. 80	\$13 560
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Indirect Expenses

	Total	Existing	Requested
10% of total requested budget	1 512. 88	156. 88	135. 6

Banking Expenses	151. 25	15.68	135.6
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Total Cost of the Project

Total Cost of the Project: \$16792 . 93

Existing: \$1741 . 36

Requested: \$ 15051 .60

Projected Results

This part of the project should describe the expected effect or results that will follow the successful implementation of the project. It is desirable to show how your project will effect the community, village, costumer, etc.

Evaluation

There are two reasons why you need to evaluate your project. First, you need to assess the overall effectiveness of your project to see whether you have reached the set goals. This type of evaluation is called the evaluation of results.

Second, you can evaluate the success of the project in the process of its implementation. This type of evaluation is necessary to make the desirable changes in the process of project implementation. This type of evaluation is called assessment or monitoring.

Information about the Organization

In this part of the project proposal, you are informing the donor about your organization. As a rule, the grants are not issued only based on the quality of the project proposals. The implementing organization and its reputation are also very important for the donor. Donor organizations prefer to deal with the partner that they trust and know well, and with those who have some experience in successfully implementing projects in past. Nevertheless, this does not mean that the donors reject and give no opportunities to the beginner organizations.

You should write about your organization the way to provoke positive impressions in the donor. Information about your organization is in a way the advertising sheet for your organization.

This part of the project proposal should include the following information:

- Organization mission – its goals and objectives;
- Date of its foundation and its legal status;
- Awards, certificates and other achievements;
- Other successfully implemented projects and programs;
- Who uses the services of the organization?

Brief Annotation

Brief annotation goes in the beginning of the proposal but it is written after you finish writing the entire proposal. You may choose to include or not to include this information in your final package of proposal. Some donors do not require submission of the brief annotation.

What does the Brief Annotation include?

- Describe the problem – the problem that your organization identified and briefly describe its impact (in a few statements);
- Ways of solving the problem – briefly describe the project and the activities that will take place within the project. List those persons who will benefit from the project and how they will do this. Indicate the deadlines of activities (only a few sentences);

- Financial needs – explanation of the requested funds and their documentation (only one sentence);

Briefly talk about the organization, indicate its name, its background history, other activities implemented by the organization, resources available and needed for implementation of the project and your willingness to undertake the efforts for fixing the problem. (A few sentences)

Brief annotation should be no longer than a half of a page.

Final Package of the Proposal

You should work on the format of your proposal. Your proposal should be stylistically and lexically correct. After the final review and corrections to the proposal, you may put together the final package which should be complying with the requirements of the donor.

First of all, the project proposal should have a cover letter with the following information:

- Name of the project;
- Name of the organization submitting the proposal;
- Partner organization (if such exists);
- Coordinator;
- An author or groups of authors;
- Deadlines;
- Contact information;
- Total value of the project and requested funds.

Moreover, you might have to attach the appendixes to the proposal:

- Organization Charter;
- Certification of the organization's legal status, certificate or registration;
- Organization's structure;
- List of the Board members;
- Recommendation letters;
- Job descriptions of the employees;
- Different statistic data used in different parts of the project proposal; charts, tables;
- Project evaluation means;
- Newspaper articles, announcements, brochures, maps;
- Price lists for costly items indicated in the proposal, etc.

After preparing this package, the organization is ready to participate in the tender process and submit the package with the donor.

5. Is the grant subject to taxation?

Grants received by the non-governmental organizations are not taxed. Nevertheless, salaries, honorariums, and payments for services paid from the grant monies are taxed.

Below follow the applicable tax regulations as of July, 2004.

- Out of the salaries of the NGO employees, organization pays revenue tax, which equals to maximum 20% of the salary (according to the cumulative sum system) and social insurance tax, only 2% of the amount of the salary.
- If within the project, non-governmental organization hires a specialist as a contractor (and not a fulltime employee) for implementation of specific tasks, moneys paid to this contractor should be taxed as a salary and 20% VAT withheld with back taxes. Return of the VAT is possible or the organization may deduct this money from other taxes.
- VAT paid according to the invoices while purchasing commodities and services within the project, can be returned or shall be deducted from other taxes.

6. How to select successful business?

or development of the community it is necessary that the profitable projects implemented by the community union helped the local inhabitants in the choice of their own profitable businesses and their management. The below given table gives the criteria for selecting the businesses.

Form №36 Criteria for business selection

It is possible to select the effective business with the help of the below given table. The success of business greatly depends on how well the business owner (owners) knows the business itself: what is their knowledge, skills, how easily they can start the business and how unique is this business itself. The business idea can be assessed by the following scores and it is possible to reject any idea, if:

Total scores of each business idea do not reach 10 points;

Evaluation of each business idea scores lower than 2 points;

Each idea's uniqueness does not score more than 2 points;

Assign scores to each issue according to the questions given in Form #37.

0 – none,

1 – lower than average,

2 – average,

3 – higher than average.

Issue	Questions to ask yourself
Education Needed for conducting the business	<p>What do you know about the business that you are starting?</p> <p>Did you have to spend additional money or time for starting business?</p> <p>Have you considered different options for successful development of the business?</p> <p>Do you have useful contacts for introducing your business to the market?</p> <p>Do you need to take a partner for your business because of insufficient knowledge in this area?</p> <p>Evaluation: 0-no knowledge in the selected business, 1-indirect knowledge in the selected business, 2-restricted knowledge in the selected business, 3-enough knowledge to work in this business</p>
Your experience in this area	<p>In certain cases, you might have a lot of knowledge on certain issues and little practical experience</p> <p>Have you worked or did you have this type of business earlier?</p> <p>If you had any connections with this area, can this compensate lack of your experience in the area?</p> <p>How important is the experience of persons executing activities for the selected business?</p> <p>Evaluation: 0-no experience; I – indirect experience; 2 – restricted experience; 3 – knows the business.</p>
Your skills	<p>Ignore the skills necessary for separate business ideas, which are common for every idea and focus on the skills that are specific for separate business ideas.</p> <p>How deep are your skills?</p> <p>If you lack some of the skills how difficult is it to acquire them?</p> <p>Evaluation: 0 – no skills; I –restricted skills; 2 – a little skills; 3 – various skills.</p>
How easy is it for you to start the business?	<p>Are there any means for starting business or survive in a competitive environment? E.g. services which you are going to start may cost a lot or in the same are, others are also engaged and it will be difficult to survive the competition.</p> <p>How many competitors do you have in the business? What does the success of your business depend on? development of skills or contacts, i.e. can your contacts compensate your low level of knowledge in comparison with the competitors?</p> <p>What is the threat for your business from the alternative products?</p> <p>What is the initial investment you are ready to make?</p> <p>Evaluation: 0 – the are is saturated, competition is big and it is difficult to establish a business; 1 – it is possible to develop a restricted market; 2 – mixture of big and small competitiveness; 3 – all sorts of businesses may be established.</p>
Uniqueness	<p>Uniqueness does not mean that nobody but you produces the same product or nobody is providing the same services; it means nobody but you do this like you, or it may mean that nobody but you has this sort of services or the product on the territory. You must somehow distinguish your product from the one produced by the businessmen who work in the similar area.</p> <p>Evaluation: 0- your product or service is easily available (too many offers); I – only a few producers offer the same service or product; 2 – only one or two offer the product like yours; 3 – nobody offers the similar service.</p>

Chapter V

CBOs and Local Self-governance Agencies in Georgia

“Local self-governances and supreme governances are neither the same nor conflicting. In one country and one state, they coexist peacefully and work for mutual benefit”

Ilia Chavchavadze

Historical Background

The prevailing opinion is that local self-governance in Georgia is new phenomenon and is just emerging, however for the sake of accuracy it must be noted that self-governance on a city management level was established back in 12th century. At that time, there was an agency, *Tbileli Berebi Institute* functioning in Tbilisi, which was managing the city based on the principles of self-governance. External enemies of that time hindered the development and flourishing of indicated council of elders, therefore it terminated its functioning.

Second attempt of forming self-governance in our country dates back to the short period of independence of Georgian Republic, when in 1919 the first elections were held for local self-governance bodies. Unfortunately, this initiative of Georgian democratic government was hindered by Bolsheviks conquering Georgia in 1921. The Soviet system established afterwards destroyed the principle of self-governance completely, and its foundation was replaced by centralized single-party rule.

Third attempt for establishing self-governance coincides with the period of restoring Georgia's independence. In 1990-1991, two-level system of local self-governance was introduced. The first level envisaged villages, communities (small settlements), small towns, where local councils – sakrebulo were elected for the term of three years. At the first level, executive authority in other words gamgebeli was appointed by the prefect, who had controlling right in the elected councils. According to the legislation of that time, prefect had the right to abolish any decision of the sakrebulo, while sakrebulo elected by people was deprived of the right to appeal the prefect's decision in the court.

Second level of self-governance encompassed rayons and cities with special status. Just like at the first level, sakrebulo in this case was also elected for the term of three years. Prefect, the first person of rayon executive authority was appointed to the position by the President of the Republic. Prefect had the full executive or administrative powers, while the elected members of sakrebulo were unable to fulfill their functions properly due to some legislative or other subjective and objective reasons.

In 1992 there was a change in the government of Georgia. It resulted in abolishing the institute of a prefect. Due to the political processes of that period, sakrebulo were unable to fulfill their obligations as they were subsequently disbanded. Over some period, there was a complete chaos in the governing system of the country. In order not to let the reigns of authority go, in 1994 the President decided to appoint his proxies in the regions. As it was expected, proxies got hold of all the power and became single-handed governors of the regions. Neither local population nor

any local representation body, which would control activities of administration, was able to oppose the proxies.

Beginning 1997-1998, in parallel to integration into the European Community, certain steps were taken in Georgia towards establishment of local democracy. Particularly, in 1997 organic Law on Local Self-Governance and Governance was adopted, and in 1998 local elections were held, which initiated the process of decentralization.¹ Concept of the future development of self-governance is still unclear in Georgia and this complicates establishment of realistic self-governance in the country.

2. What is local self-governance?

Local self-governance is the foundation of local democracy. Realistic self-governance represents the guarantee for population's participation in administration processes. Local self-governance has the right to resolve the issues of local significance independently, this right being recognized by the Constitution of Georgia and guaranteed by legislation.

Pursuant to the above-mentioned, the main principle of local self-governance is cooperation between the population and government, based on which the population gains realistic opportunities to participate in the process of resolving local issues. The government on its part is obliged to be transparent, unbiased, accountable to the public, and to provide effective services to the public. Therefore, local society has to be aware of the kinds of services they can demand from the government, while the self-governance has to do its best to adjust its services to local interests and needs.

Various problematic issues such as energy or water supplies, cleaning or other issues, should be resolved through cooperation between local population, voters and self-governance. Society and interest groups have to force local governments to make the population welfare their everyday concern. Due to the principle that self-governance should be closely related to the public, relevant decisions have to be made on this level.

3. What is the structure of local administrations?

The amendments made to the organic Law of Georgia on Local Self-governance and Governance in August of 2001, define two levels of local governance:

First (municipal) level – village, community, daba and small town, which are managed by sakrebulo elected for the term of 4 years based on majoritarian election system. During the majoritarian election system, electorate votes for as many candidates as vacant seats in sakrebulo allow. In the self-governance units where the number of voters is less than 5 000, the chairman of sakrebulo is at the same time the head of local administration – gamgebeli.

In the towns where number of voters exceeds 5 000, gamgebeli is elected through direct elections for the term of four years.

At the first level, gameoba, rayon executive body is formed and the number of its members do not exceed seven. Although, in the villages and communities where the total number of the

¹ Model of administration when functions and competences of central government are transferred to local government level.

population (total number of villagers and not the voters) does not exceed 3 000 persons, gameoba is not formed and its functions are carried out by gamebeli.

Second level – rayon and city of republican subordination (or city of special status). City sakrebulo is elected by the population through the majoritarian election system for the term of four years. Rayon sakrebulo or so called “associate sakrebulo” consists of sakrebulo chairmen of the communities located in the rayon. President of Georgia appoints Gamebeli, head of the executive administration who is chosen out of the associate sakrebulo members.

The self-governance and governance system of Tbilisi, capital of Georgia is regulated by the separate law. In Tbilisi, representative body of the government is Tbilisi sakrebulo, which unlike other sakrebulo functioning on the territory of Georgia, is elected through the proportional election system (party lists) for the term of four years.

It must be noted that out of the cities with special status (these cities include Tbilisi, Kutaisi, Batumi, Rustavi, Poti and Sokhumi) only Tbilisi and port city Poti are directly controlled by the President, in other words these cities are directly controlled by the central government since the mayors of these cities are appointed to their positions by the President of Georgia and they are not directly reporting to the local populations. In the cities of Kutaisi, Rustavi, and Batumi, city mayors are elected through the direct elections by the city population.

4. What is the internal structure of local self-governance?

The number of sakrebulo members is determined in accordance with the number of population on the territory of self-governance. For example:

Number of Population	Number of Sakrebulo Members
0 – 5 000	5
5 000 – 10 000	7
10 000 - >	9
Cities of Special Status	15
Tbilisi	49

Sakrebulo officials of the village, community, daba, and town are:

- Chairman of Sakrebulo
- Secretary of Sakrebulo

Officials of sakrebulo executive body (gameoba) are:

- Gamebeli of village, community, daba and town
- Deputy Gamebeli of village, community, daba and town
- Head of the staff
- Heads of local agencies

Deputy gamebeli of village, community, daba, and town, as well as head of the staff and heads of local agencies are appointed by gamebeli in agreement with sakrebulo.

Sakrebulo officials of the city, which is not a part of rayon are the following:

- Chairman of Sakrebulo
- Secretary of Sakrebulo

Supreme official of the city, which is not a part of the rayon is the city mayor.

5. Distribution of Authorities

According to the amendments made to the organic Law of Georgia on Local Self-governance and Governance in August of 2001, authorities of local self-governance bodies have been finally defined. The Law awards *mandatory* and *voluntary* authorities to local self-governance of the first level. Authority is defined as an ability to fulfill certain functions. Mandatory authorities in its turn are divided into *exclusive*² and *delegated*³ authorities.

Self-governance Exclusive Authorities (Competence)	
<ul style="list-style-type: none"> - Adopting Provision of local self-governance agencies - Managing local properties. - Forming local budget, executing, approving and controlling it. Introducing and abolishing local taxes and fees. - Elaborating/approving socio-economic development programs. - Establishing and liquidating municipal services - Improving local environment, tree planting, local forest funds - Creating/maintaining local archives - Organizing ritual services, taking care of cemeteries - Creating apartment and non-residential funds, communal facilities 	<ul style="list-style-type: none"> - Creating information service, dissemination of public information - Repairing and constructing municipal roads - Facilitating transportation services for local residents - Urban development and planning, compiling general plans - Municipal programs of healthcare, cultural and social welfare - Ensuring electricity, gas and water supply - Facilitating construction of residential and social-cultural buildings

Self-governance Delegated Authorities (Competences)	
<ul style="list-style-type: none"> - Registration of civil acts - Environment protection, sanitary and veterinary measures 	<ul style="list-style-type: none"> - Supporting state in the issues of drafting citizens to military service

² Functions that are implemented by local self-governance independently and with their own responsibility;

³ Functions that are transferred to local governance by the state

The Law separately defines those authorities that can be exercised by local governance or rayon administrations. These are the following:

Administration Authorities (Competences)	
<ul style="list-style-type: none"> - Taking care of educational institutions, financing current and capital expenses - Taking care of cultural institutions, financing current and capital expenses - Taking care of healthcare objects, financing current and capital expenses, ensuring social welfare of the population 	<ul style="list-style-type: none"> - Protection of public order and security, civil defense - Approving local budget and controlling its replenishment, introducing and abolishing local taxes and fees, possession and management of state properties

According to the legislation, local governance bodies are authorized to delegate (transfer for execution) their rights to local self-governance bodies but on certain conditions that are also guaranteed by the legislation of Georgia. In particular, rights can be delegated only based on mutual agreement, in other words, the basis for the delegation is the agreement between parties and most importantly, along with the delegated authority self-governance bodies shall be provided with financial or any other resources necessary for exercising this authority.

However, it must be noted that local self-governance bodies are authorized to express justified refusal on carrying out exclusive competences, since the idea of the self-governance is based on effective and appropriate exercising of the authority.

Note: For exercising exclusive authorities by local self-governance, financial resources are envisaged and allocated from the budget of local self-governance, but for exercising authorities delegated by the state, the financial resources will be allocated from the central budget.

The fact that the legislation distinguishes authorities at different levels might be considered a successful step taken ahead, because the threat of overlapping and confusing the competences among self-governance and governance does not exist any more. However, awarding increased authorities to local bodies without allocating any financial resources or property will not have significant results. At present local self-governance bodies are unable to mobilize financial means in the local budgets necessary for exercising their competences.

6. What is a budget?

Definition of a “budget” is given in the Law of Georgia On the Budgetary System of Georgia, according to which the budget is: *the list of the revenues of Georgia’s central authority, authority of autonomous Republics and local authorities, as well as special state foundations, for the purpose of payments to be made for fulfilling their functions and obligations, which is approved by the relevant legislative and representative bodies of the central authority, authority of autonomous Republics and local authorities.* Budgets are compiled for a certain period and, and according to the budgets of territorial units of Georgia, they define the following:

- Forms and from where must the body of self-governance (governance) receive monetary funds, what volume of revenue it will gather from various taxes and non-tax incomes;
- For what purpose and how will the body of self-governance (governance) use these monetary funds.

Georgian budgetary system structurally includes the following independent budgets:

1. State budget of Georgia, which in its turn consists of the central budget of Georgia, united state fund of social insurance of Georgia, and the united state road fund of Georgia;
2. Budgets of the Autonomous Republics of Abkhazia and Adjara and other territorial units of Georgia, including:
 - Consolidated, i.e. combined budgets of the Autonomous Republics unite the consolidated republican (central) budgets of the Autonomous Republics and those of the cities and rayons located on their territories:
 - Consolidated budget of the city, which is divided into districts or includes villages, communities and dabas, unites the city, rayon, city district, village, community and daba budgets;
 - Consolidated budget of the rayon unites the rayon budget, as well as the budgets of the city, village, community and daba included in the rayon.

7. What is the status of local budget?

In accordance with the organic Law of Georgia On Local Self-Governance and Governance, the budget of both local self-governance unit and the budget of governance is independent from all other budgets of the budgetary system of Georgia, including the budgets of other local self-governing units, governance, Georgian state budget, budgets of the Autonomous Republics of Abkhazia and Adjara, since directions of use of the budget funds are independently determined by the relevant representative bodies of local self-governances.

Currently, delimitation of the revenues and expenditures of local budgets between the rayon's rayonal budget and budgets of the local self-governing units located on territory of the rayon is carried out by the representative body of the rayon - sakrebulo, upon nomination by the executive body of this rayon – gamgeoba, but amendments introduced to the budget legislation regulate that these budgets shall be approved by Georgian legislation.

8. What is the budget process?

The new Law of Georgia On Budgetary System of Georgia has introduced amendments to formation of local budgets. In particular, the budget process begins 10 months prior to beginning of the budget year to be planned, with compilation of the draft budget and ends in 2 years, in February of the year after the year of the budget to be planned, with compilation, discussion and approval of the report on execution of this budget, but in reality these legislative norms are violated so often that no one has been paying attention to them to date.

Preparing and submission of drafts of local budgets, preparing and submission of draft amendments to approved budgets, budget execution and report drafts are competences of executive authority. This authority is represented by the following:

- Government of the city - for the budget of the city, which is not included in the rayon;
- Gamgeoba of the rayon - the rayonal budget of the rayon;
- Gamgeoba of the relevant self-governing unit, while for the village and community, the number of population of which does not exceed 3000 persons – by the gamebeli - for the budget of the village, community, daba and city included in the rayon.

Discussion and approval of local budget drafts, introduction of amendments to approved budgets, or audit inspection of the budget, supervision (control) over it and approval of the reporting is the competence of representative authority. This authority is represented by:

- For the budget of the city, which is not included in the rayon – sakrebulo of this city;
- For the rayonal budget of the rayon – sakrebulo of this rayon;
- For the budget of the village, community, daba and city included in the rayon – sakrebulo of the relevant self-governing unit.

Decisions on approval of local budgets reflect the following:

- Total volume of the budget revenues and expenditures, volume of each type of revenue for all types of activities to be implemented;
- Volume of reserve and other special funds;
- Volume of transitional turnover means for the beginning of the year;
- Volume of the debts existing by the beginning of the year, its repayment and service assigns.

If representative bodies of local authority (sakrebulo) do not make decision about budget approval, executive bodies of the same authority (gamegeoba) will submit a new version of the draft budget with the representative body, within 2 weeks.

Representative bodies of local authority approve the budget for each calendar year before the beginning of the new budget year, but no later than March 1 of the new budget year. In case the sakrebulo does not approve the local budget within 2 months of the beginning of the year as regulated by the Georgian legislation, authority of the sakrebulo may be terminated before its term ends, under the consent by the Parliament of Georgia pursuant to the Decree of the Georgian President, and with the recommendation of the Georgian President's Proxy, as this is envisaged by the organic Law of Georgia On Local Self-Governance and Governance. If approval of the new budget cannot be achieved, in the new budget year, executive bodies of local authority have the right to fund the expenses necessary for fulfillment of obligations, assumed earlier, in the amount of one twelfth of the expenditures envisaged by the previous year's budget.

During discussion and approval of the draft budget, revenues and expenditures of local budgets are determined according to the realistic needs. Budget revenues are approved in the volume most realistic for execution, while the expenditures are approved within the limits of revenues.

In some cases, relevant changes are introduced to approved budgets. The rule for compiling, discussing and approving a draft decision regarding introduction of amendments to an approved budget is determined similarly, as this is done in case of the rule for compiling and approving a draft budgets.

Execution of the budget approved by representative bodies of local authority is mandatory for executive bodies of this authority.

Carrying out control over execution of local budgets is the prerogative of the bodies of local self-governance and governance. Also, representative bodies of local self-governance carry out this control through commissions.

Apart from the budget revenues and expenditures, executive bodies of local authority (gameoba) are responsible for accounting and inspection of the loans, previous years' debts and other operations, determined by the law.

In accordance with the instruction issued by the Ministry of Finance of Georgia and within established time terms, executive bodies of relevant local authorities prepare reports on execution of the relevant budgets and submit them for approval with the representative bodies of the same authority no later than February 15, while the latter approve submitted reports within two weeks as of their submission, but no later than March 1 as of the end of the budget year.

Special authorities of representative bodies of local governments include implementation of control over execution of local budgets.

Control over legality of use of the funds transferred to local budgets from the central budget of Georgia (target and special transfers, budget loans, mutual account settlements) is carried out by the Chamber of Control of Georgia and the Ministry of Finance of Georgia.

9. How do the local bodies establish local taxes and fees?

Local taxes are established by the Tax Code of Georgia. Authorities of local government bodies are in charge of introduction of these taxes.

Representative body of local self-governance (sakrebulo), upon nomination by the relevant executive body (gameoba), makes decision on introduction of local taxes. Local taxes are in force only on the territory subordinate to the local self-governance.

Decision by a sakrebulo, the representative body of local self-governance, is subject to inclusion in the State Registry by regional agencies of the Ministry of Justice of Georgia as these decisions have the status of normative acts.

Control over accuracy and timeliness of payment of local taxes is established by state tax agencies.

The Tax Code establishes the following six local taxes:

- Gambling business tax;
- Resort tax;
- Hotel tax;
- Advertisement tax;
- Tax on use of local symbols;
- Land tax⁴

⁴ Land tax has been transferred from common state taxes to local taxes.

As to local fees, the legislation establishes seven local licensing and one tender fee, but in accordance with the Law of Georgia On Local Fees, sakrebulo of the village, community, daba and town has the right to introduce four fees, which are:

- Fee for permit on outdoor trade;
- Fee for permit on outdoor advertising;
- Fee for permit on limiting use of public places;
- Fee for permit on automobile parking.

Sakrebulo of the rayon has the right to introduce the remaining fees, which are:

- Fee for permit on starting construction;
- Fee for permit on local passenger-transport transportation;
- Fee for permit on altering structural-functional arrangement and appearance of architectural objects;
- Tender fee.

Introduction of all seven local licensing and one tender fees is the prerogative of the city, which is not included within the rayon.

Decisions of the sakrebulo on introduction or cancellation of local fees, and on establishing on them the privileges, envisaged by law, is effective only on the territory subordinate to the sakrebulo and applies to all those persons residing and legal entities located there, except for the cases envisaged by the law. It is inadmissible to establish individual privileges on payment of the fees.

Local fees are paid in advance, before the body of local self-governance (governance) awards the payer the right to carry out the activity or the right on use, envisaged by the legislation. Responsibility for payments is imposed upon the relevant agency of the executive body of local self-governance (governance).

Control over calculation of local fees and their complete and timely depositing to relevant budgets is carried out by the relevant territorial agencies of the State Tax Department. Also, depending on their types, periodicity and time terms for payment of local fees are determined by the decision of the representative body of local self-governance (governance).

Local fees, introduced and paid with the support by the representative body of local self-governance (governance) are completely deposited to the relevant local budgets.

10. Public control mechanisms

Mechanisms of public control over sakrebulos are guaranteed by the Georgian legislation, namely sakrebulo member is obliged to meet with his electorate at least once every three months, to submit reports on undertaken work at least once a year, also actively cooperate with public organizations.

Despite such mechanisms, it should be noted that the public passively participates in the process of development and formation of real self-governance at the local level, since citizens are not aware of the necessity of their participation in decision-making and perceive the local government, which is elected by them, as part and continuation of the central authorities. These trends are caused by the distrust that the local population experiences towards their own government.

In order to improve this situation, it is necessary that local government conducts its activities more transparently. Mechanisms for achieving the desired transparency are determined by the Administrative Code of Georgia, in accordance with which, every citizen has the right to receive public information. Transparency of activities implies increasing public awareness of daily activities and future plans of local government and, most importantly, taking of those decisions, which directly concern the local population, only after achieving agreement with the latter.

Transparency is directly connected to the budget process and relations. An important source for replenishing the local budget is, as we know, local taxes, i.e. the taxes which are paid by every citizen, consequently each citizen has the right to demand information on where and how the money paid by him/her to the local budget has been spent.

In order to increase the quality of public control and democracy, it is necessary to form and strengthen the public organizations (NGOs, CBOs and independent mass media) which should protect interests of citizens. Local self-governance is achieved for the people and by the people, thus public organizations must assume the responsibility of establishing institutional relations with local governments, demand from the latter to hold meetings with the public, organize public discussions on the budget, and assist them in organizing these public events. Through implementation of such activities, local government agencies will increase trust and confidence among the public. They will also motivate public's interest to become involved in the decision-making process, which is a prerequisite of democratic governance.

Chapter VI

Local Taxes

1. Local tax structure

What kinds of taxes are in the country?

The following two categories of taxes are in effect in Georgia: common state taxes and local taxes.

The following taxes are part of the common state taxes:

1. Income tax;
2. Profit tax;
3. Value-added tax;
4. Excise;
5. Property tax;
6. Tax of motor vehicles ownership;
7. Tax on transfer of property;
8. Social insurance tax;
9. Tax on use of natural resources;
10. Tax on polluting the environment with harmful substances;
11. Tax for motor vehicles for entering the territory of Georgia and on overloading;
12. Fixed tax;
13. Small business tax.

The following are the categories of local taxes:

1. Tax on gambling business;
2. Resort tax;
3. Hotel tax;
4. Advertisement tax;
5. Tax on use of local symbols;
6. Land tax.

Who pays tax on gambling business?

Tax on gambling is paid by the persons who are engaged in entrepreneurial activity by participating in lottery, casino and other gambling businesses and have obtained permit or license to carry out such activity. This tax is paid to the budget of relevant region.

Who pays resort tax?

Physical persons pay the resort tax to rest and use resort-related services at the resort locations.

Who pays hotel tax?

The hotel tax is paid by physical and legal persons who pay respective amount to receive for use the dwelling areas in hotels, holiday inns, motels, camping sites, and other similar units after the payment of due amount.

Who pays advertisement tax?

Physical and legal persons who advertise their goods (products) and/or for the purpose of economic activity purchase advertisement services, i.e. disseminate advertisement by mass media or other information dissemination means.

Who pays tax on use of local symbols?

The tax on the use of local symbols is paid by physical and legal persons and entrepreneurs who use the symbols approved by legislations such as logos, photos of historical or architectural monuments, views of a city or its particular parts, and other analogous symbols.

Who pays tax on the use of land?

Payers of the land tax are physical and legal persons who are owners or users of land plots.

The land tax amount does not depend on the results of economic activity of taxpayers, and is determined in the form of a fixed annual tax per land area.

The land tax amount is differentiated according to the quality and location of land parcels.

2. Land Tax

How much are tax rates on agricultural land?

Base rates for tax on agricultural land are differentiated according to the administrative regions and land quality and are calculated in GEL per hectare:

1. Tax on arable lands and lands covered with perennial plants outside urban (settlement) administrative units are as follows:

Administrative units	Base rate, (GEL per hectare)	
	Land Quality	
	Good	Poor
1. Tbilisi, Marneuli	57	31
2. Bolnisi, Gardabani	52	27
3. Rustavi	51	27
4. Batumi, Gagra, Gali, Gudauta, Gulripshi, Ochamchire, Sokhumi	51	27
5. Kobuleti, Khelvachauri, Gurjaani, Dedoplistskaro	44	24
6. Telavi, Lagodekhi, Signagi	43	22
7. Gori, Kvareli, Mtskheta, Akhmeta, Dmanisi, Eredvi	39	21
8. Kaspi, Tetriskaro, Samtredia	38	20
9. Kareli, Khashuri, Sagarejo	36	20
10. Kurta, Tsalka	34	19
11. Abasha, Zugdidi	34	18
12. Akhalkalaki, Akhaltsikhe	34	19
13. Martvili, Senaki, Khobi, Poti	33	17
14. Ninotsminda	33	17
15. Akhalgori, Vani, Zestafoni, Lanchkhuti, Ozurgeti	30	15
16. Baghdati, Terjola, Khoni, Kutaisi	28	15
17. Tskaltubo, Tsalenjikha, Chkorotsku	24	13
18. Sachkhere, Tsageri, Tskhinvali	22	12
19. Ambrolauri, Dusheti, Tianeti, Adigeni, Borjomi	18	11
20. Aspindza, Tkibuli, Khulo, Keda	17	9
21. Shuakhevi, Kharagauli, Chiatura, Lentekhi, Oni, Chokhatauri, Mestia, Kazbegi, Djava.	13	8

2. Tax for natural haymaking meadows and pastures is as follows:

Administrative Unit	Base Rate Lari/ha			
	Meadows	Pastures	Cultivated	
			Meadows	Pastures
1. Abasha, Akhalkalaki, Gori, Batumi, Bolnisi, Gagra, Gali, Gardabani, Gudauta, Gulripshi, Gurjaani, Dedoplistskaro, Dmanisi, Zugdidi, Tbilisi, Tetriskaro, Telavi, Lagodekhi, Lanchkuti, Marneuli, Mtskheta, Ninotsminda, Ozurgeti, Ochamchire, Rustavi, Samtredia, Senaki, Signaghi, Sokhumi, Kutaisi, Kobuleti, Kvareli, Tsalka, Tskaltubo, Khelvachauri, Khobi, Poti.	6	3	8	4
2. Adigeni, Aspindza, Akhalgori,				

Baghdati, Borjomi, Vani, Zestafoni, Terjola, Tianeti, Kaspi, Martvili, Sagarejo, Sachkhere, Tkibuli, Kareli, Keda, Shuakhevi, Chokhatauri, Chkhorotsku, Tsalenjikha, Kharagauli, Khashuri, Khoni, Khulo, Akhaltsikhe.	4	2	7	3
3. Ambrolauri, Akhmeta, Dusheti, Lentekhi, Mestia, Oni, Kazbegi, Tsageri, Tskhinvali, Chiatura, Java	2.5	1.5	4	2

When determining tax on agricultural lands occupied by guaranteed meliorate network, the representative bodies of local self-governances of relevant agricultural administrative regions (towns) have the right to increase land tax up to 100 % in accordance with the presentation of relevant services of the State Department of Land Management. (Ensuring that economic entities being in equal conditions should not pay different taxes).

Is reduction or abolishment of land tax possible?

Base tax rates for lands specified in the tables may be increased or reduced by local self-governance representative bodies of relevant urban-administrative regions (towns) for specific plots of lands depending on the land quality and location.

How is the agricultural land tax calculated?

The tax rate on agricultural land is calculated by multiplying the tax rate by the area (in hectares) of the plot of land.

E.g. If the land plot area is 12,35 ha and land tax rate in the specific region and specified land is GEL 18 per 1 ha, the land tax on the mentioned land plot will be GEL 222.3 (12.35 ha X GEL 18 = 222.3).

How much is the non-agricultural land tax and how is it calculated?

Base rates of the tax for non-agricultural land are determined per one square meter of land in the amount of GEL 0.24 per annum.

The tax on the non-agricultural land is calculated by multiplying base tax rate by territorial coefficient and land area. E.g. If an individual owns 595 m² land plot and territorial coefficient is 0.5, the land tax on the mentioned area will be GEL 71.4 (595 m²X0.5XGEL0.24=71.4).

What kinds of lands are exempted from land tax?

The following types of land are not subject to taxation:

1. The part of the state-owned land parcel allocated to budget-funded organizations, except for the lands used for purposes of entrepreneurial activity;
2. The parcels of land, which are allocated for the purposes of scientific-research, educational institutions, test-selective, experimental breeding stations and experimental farm plots, used for scientific and educational purposes financed from the budget;
3. Land parcels which are allocated for the purposes of the functioning of societies, associations, enterprises, and organizations for the blind, deaf-and-dumb, retarded persons, or physically under-developed children, and veterans of war, as well as centers of social adaptation and work-related rehabilitation of teens for executing their main functions funded from the budget. Parcels of land used by orphanages, boarding schools, children villages and kinder gardens, that perform childcare and education free of charge, if these land parcels are not used for economic activity;
4. Land areas of organizations for the protection of native and historical monuments occupied by facilities recognized by the state as monuments of history, culture and architecture, unless they are used for entrepreneurial activity and they are not meant for selling entrance tickets;
5. Public-use lands (natural parks, botanical and dendrological gardens, municipal public gardens, cemeteries, zoos, oceanariums, squares, alleys, preserves, arboretums as well as open departmental gardens and forests, except for the parcels used for entrepreneurial activity);
6. City reservoirs and their aquatoria, lands used for transport and underground communications, other than for cultivating agricultural production and for economic activity;
7. Hydrometeorological centers and plots of land used for the functioning of stations and equipment for monitoring pollution;
8. Lands occupied by reservoirs designated for the functioning of electrical stations and irrigation/drainage systems for providing the population with drinking water, as well as the related sanitary, security, and technical zones;
9. State-owned and unused pastures and haymaking meadows, and lands and reserve lands that are new or designated for reclamation;
10. Parcels of agricultural land in which half or more of the topsoil is damaged because of natural disaster;
11. Parcels of agricultural land in which half or more of the harvest is damaged because of natural disasters (strong wind, hail, draught, flood) and other force major circumstances. An exemption from the land tax can be granted based on a decision by

the representative body of local self-governance made in agreement with the corresponding territorial department of the ministry of agriculture and food. The commission's decision is made twice – within two weeks after the natural calamity and before gathering the harvest;

12. Physical or legal persons who have received unused agricultural lands, over five years beginning the time the land parcel was received;
13. On the territory of former settlements, as well as families of individuals families settled in specific areas in accordance with state settlement plan – over five years from the time of settlement;
14. Invalids of the second World war and persons equated with them on land parcels allocated to them through privatization;
15. Communities of Kurta, Eredvi and Tighva and villages of Avnevi and Nuli until the time the conflict times are over and economic situation is regulated.
16. Plots of land used for airports, airfields, and aero-navigation security zones as well as for underground communications and plots allotted for the future development of ports if they are not used for economic activity.
17. Hunting farms.
18. Land parcel used for generation of energy renewable sources (sun, wind, geothermal, biological energy, and hydro-energy) producing appliances and energy saving equipment (energy saving bulb).
19. Inhabitants of villages and settlements situated on the Southern Slope of the Caucasus chain and Racha-Guria mountains specified by the Law of Georgia on "Social and Cultural Development of Mountainous Regions" on the land plots in the given territory, and the land tax is reduced by 50% for the inhabitants of mountainous regions in Southern Georgia on the land plots in the given regions.
20. Land plots used for carrying out oil and gas transactions (activities) determined by the Law of Georgia On Oil and Gas (if not used for other purposes).
21. Land plots occupied by the medical institutions, if not used for non-medical economic activity.
22. Agricultural land plots up to 5 ha owned by physical person as of 1 March 2004.

The established tax exemptions do not apply to the cases when the exempted physical or legal person transfers in lease a parcel of land (or its part), or the buildings and structures (or part of them) located on land which he owns or uses to another physical or legal person.

Does the Lessor pay land tax?

In accordance with Article 215 of the Tax Code of Georgia, the lessor is liable to pay land tax.

Should the unpaid land taxes be paid (residual land tax)?

If the landowner has accumulated unpaid land tax for years, he is liable to pay it. As of June 1, 2003 the landowners were exempted from payment of fines, but not from payment of residual land tax. If an individual will not pay the land tax, he will be charged with fine and tax bodies will have right to seize the owner's property to collect the taxes and the above property (land plots) will be sold through auctions as provided by the law.

3. Income tax

Who should pay the income tax?

Payers of income tax are resident and non-resident physical persons. The citizen of Georgia who spends more than 182 days in Georgia or outside Georgia and is in Georgian state service is considered to be a resident. An individual who is not a citizen of Georgia is considered non-resident. Any physical person having income is liable to pay an income tax.

Physical persons' taxable income is taxed at the following rate:

N	Amount of taxable income during calendar year	Tax rate
1	up to 200 Lari	12% of the amount of taxable income
2	201 to 350 Lari	24 Lari +15% of the amount in excess of Lari 200
3	351 to 600 Lari	46.5 Lari +17% of the amount in excess of Lari 350
4	601 Lari and more	89 Lari +20% of the amount in excess of Lari 600

What types of incomes are exempted from the income tax and who is released from payment of income tax?

The following types of incomes of physical persons are not subject to income tax:

- income received as a result of employment by a non-resident employee of diplomatic or equalized organizations located on the territory of Georgia;
- Property received from a physical person in the form of a gift or inheritance;
- grants, state pensions, state stipends, and state benefits; (c. grants, pensions received pursuant to the law, state stipends, and state benefits;
- alimony;
- one-time payments and material assistance provided from the budget;
- income of a physical persons gained from the sale of self-produced farm production produced in a private enterprise of such person before its industrial processing;
- surplus of a physical person received from the sale of tangible assets, with the exception of surplus received from the sale of assets used for entrepreneurial activity;
- monetary compensation of the cost of clothes of special form for employees of budget-funded organizations;

- moneys issued to physical persons (donors) for food in compensation for their blood;
- necessary means for labor protection given to employed physical persons, as well as food and aerated salted water within the norm stipulated for workers and servants working under harmful conditions and in foundries in consistence with the Labor Code of Georgia.
- monetary and other types of rewards, received by sportsmen and trainers for being prizewinner in Olympic games, World and European Championships, and financed by the state.
- surplus received from selling state treasury liabilities of Georgia.
- 30% of salary or/and revenue received from economic activity, but no more than 1 200 Gel per year, used to carry out non-state pension insurance and voluntary health insurance. Also, if the amount is revoked before the circumstances for the purposeful usage of the amount arise (pension age or any other circumstances covered by the insurance), the amount shall be taxed at its source, in compliance with the current rules.

The taxable income of the following physical persons is not subject to taxation, up to 3,000 Lari in the course of the calendar year:

- invalids from childhood, as well as invalids in blindness groups I and II;
- citizens of Georgia, participants in the Second World War and military operations for the integrity of Georgia;
- persons awarded the honorary title of "the Mother of Georgia";
- single mothers;
- persons who adopted a child, within one year from adoption;
- persons, who adopted a child for upbringing.

The inhabitant of mountainous regions with many children (three and more) is exempt from income tax, if their annual income is less than 3000 Lari, and for those with one or two children, the income tax is reduced by 50 percent.

4. Property tax

Who pays the property tax?

There are two kinds of property taxes: physical person's property tax and enterprise property tax, i.e. physical persons and enterprises are both property tax payers.

The payers of physical person's property tax are physical persons with taxable objects in their ownership. The object of taxation is an immovable property (buildings and

structures or their parts), except for land and property used for economic activity and the property value, which is used for economic activity.

Physical person pays for the property in his ownership GEL 0.5 per sq. m (base rate) annually. It should be mentioned that the amount of tax per 1 sq. m should not exceed double base rate, while for the property used for economic activity - 1% of the property value.

What kind of property is exempt from property tax?

The following property is exempt from property tax:

1. Immovable property up to 100 sq. m of total area being in the ownership of physical person.
2. The property of persons disabled from childhood and their families, as well as the property of disabled persons of groups I and II, also the property of persons disabled from childhood of group III.
3. The property of a physical person living permanently in a high-mountainous region in case the property is located within this region.
4. The property of a physical person permanently settled on a non-urban territory in case the property is located within this territory. An individual is considered as permanently settled within the territory, if he/she or his/her spouse or their parents, grandparents have lived or live in the mentioned territory for not less than 15 years.
5. Motor vehicles

The above exemptions (except motor vehicles) do not refer to the property used for economic activities.

CHAPTER VII

MANAGEMENT OF LANDS IN COMMON USE

General principles for managing lands in common use

Which lands qualify as common use lands?

Lands located within the boundaries of certain villages and community territories that are owned by the state and administered by local self-government units are common use lands.

Any citizen residing within the boundaries of a village territory has right to use the common use lands. According to the legislation, it is possible to allocate these lands in use (in lease) pursuant to the defined rule. These lands are transferred into usage (lease) by bodies of rayon administration.

Pastures and mowing lands situated within the boundaries of a village territory belong to common use lands, as well as roads for moving cattle, alpine and sub-alpine pastures, non-agricultural lands (roads, squares and etc.)

Which lands of common use can become ownership of the community?

The issues related to usage and ownership of agricultural lands are regulated by the Law of Georgia on Agricultural Land Ownership.

According to this Law, only in mountainous areas it is possible to transfer the land into the community ownership. Though, there are very few similar cases in reality.

In mountainous regions, any agricultural land in common use – mowing land, pasture and non-agricultural land in common use can become community ownership.

What is a community based organization's role in managing common use natural resources?

Community based organization, proceeding from its goals and objectives, has full right to carry out monitoring and supervision over the activities of local self-governance unit.

While allocating lands of common use and other types of lands in usage, community based organizations can demand from village sakrebulo to actively protect village interests. In case of resistance from rayonal circles, community based organizations can act on behalf of a village and demand resolving of problems existing in the village.

Community based organization can also act as a mediator between population and self-government, as well as between population and rayon administration bodies, in order to protect village interests.

2. Principles for managing pastures in common use

How can the pastures in common use become ownership of the community?

As a result of reform, citizens of Georgia received agricultural land parcels in private ownership. In mountainous villages they also received pastures and mowing land in private ownership, though some pastures still remain in state ownership. For the purpose of resolving above mentioned issue, it is possible to transfer these lands in community ownership. The indicated issue is regulated by Point 3 of Article 4 of the Law of Georgia On Agricultural Land Ownership, which states that “in mountainous regions, land can be in private, community or state ownership.”

Proceeding from this article, pastures in mountainous regions can be transferred into community ownership. In this case under community is meant separate villages, in other words these lands will be processed in the ownership of villages and village residents will be able to freely participate in management and usage of these lands.

For the purpose of implementing the above-mentioned, cadastre maps of pastures located within these villages should be in existence, based on which local administrations of a village will address relevant agencies of the Public Registry with the application to register pastures in ownership of a community (village).

How should community manage the pastures?

These lands will be directly managed by the community (village, through self-government unit).

In case of community, responsibility over indicated activity should be taken by the village’s local self-governances. They will be able to allocate these lands with the principle of common usage to village residents or certain groups and based on its usage pay the land tax. When the pasture land is allocated to specific person or persons, norms determined by the Civil Code in relation to rent and lease shall be exercised. In different cases, generally all the lands will be transferred in use of village based on the principle of common usage. Land tax will be paid by those residents who will use the land.

Land tax can be calculated based on the number of households using the pasture, or determined in accordance with the number of cattle in their ownership.

The issues of safety and fallowing of the land shall be taken into consideration, so the land is not damaged and does not turn into wasteland. Schedule and plan should be elaborated, which will determine which pastures should be used during certain periods of time. The control and planning of the above scheduling, as well as mobilizing land taxes is direct responsibility of self-governances.

What is the role of community based organization in management of pastures of common use?

If self-government is unable to provide transparency of the above mentioned activities, as well as their compliance with the legislation, community lands can be transferred into usage of community based organizations with the right to manage them and the activities related to usage of these lands can be carried out by the community based organization.

Management right means that community based organizations ensure rational usage of these lands, payment of land taxes and resolving other important issues that will be crucial for effective management and usage of indicated lands. Transfer of these lands into usage in form of lease or rent shall be agreed with the owner of the land – community.

What is the tax payment for pastures?

In accordance with the Civil Code of Georgia, taxation amount on pasture is determined based on rayons and it can be from 1.5 up to 4 GEL per hectare.

Is it possible to use the pasture as an arable land and what are the restrictions?

According to the current legislation of Georgia, it is unallowable to carry out cultivation-planting activities on pastures in other words using pasture with different purposes is a violation of the law. In particular, according to Article 532 of Code of Administrative Violations non-purposeful usage of the land parcel will result in fine from 500 up to 100 GEL.

3. Modern Possibilities for Management of Land and Other Natural Resources – Aerial Photos, Orthophotoplans, Cadastral Plans and GIS

Building a new type of state implies new approaches towards the characteristic of structure and planning of the country. Along with the professional approach towards the work, it also requires creating reliable information base. For the purpose of evaluating the resources needed for the development of the country as well as their optimal dissemination in space and time, the state has to have permanently updated digital data base about the nature, population, agriculture and the ongoing processes in these areas.

For these purposes, a number of countries worldwide use technologies of information space analysis, which enables to emphasize spatial part of any type of information necessary for the development of state and the society as well as multilateral analysis of the events.

To date geo-informational systems, distance zoning (aerial and satellite photography), data bases, network technologies are the most operative, effective, optimal, and objective information analytical systems. It is very hard to find field of human practical activities in which it is not effective to use the above-mentioned technologies. Moreover, on modern stage of social development and scientific-technical progress, it is unimaginable to study natural resources of the country, carry out their inventorization and systematization, plan geo-ecological conditions and social events, conduct management and monitoring, improve habitat as well as implement other activities, without using these technologies. Besides, the abovementioned envisages improving of legislative, institutional and economic policy.

What is the current situation in Georgia in this respect?

In the nearest past, very few organizations were using the indicated systems. These organizations were developing with some impediments and were mainly occupied with establishing, service and popularization of these systems. At present it became more realistic to manage principles for sustainable economical and natural development, inventorization of housing systems and other economic spheres, forecasting socio-economic and ecological conditions, monitoring and

management, elaborating planning systems. Nowadays, more and more organizations (governmental as well as non-governmental) are interested in using the indicated systems.

Currently, specter of users of geo-information systems has considerably increased. It is used in non-technical fields as well, such as sociology and psychology, historiography, archeology and issues of ethno-genesis, spiritual culture, cultural heritage, problems of demography and many others. These fields are foundation for building civilized and democratic societies.

Distance zoning of geo-information systems are widely used by local government and self-governments. By using these technologies it is possible to carry out detailed description of sakrebulo territory, planning and evaluation of its economic potential. To date these technologies are used in Georgia for conducting cadastre activities, which represents detailed basis for implementing any other branch or planning activities.

By using aerial and satellite orthophotos, field activities practically decrease to minimum, in other words it is not necessary to use geodesic instruments anymore, that enables us to achieve high-quality results with minimal expenses.

When orthophotos are used in the cadastral field survey activities, detailed description and digital base is compiled for administrative boundaries of rayon and sakrebulo, borders of landowners' parcels, various agricultural and non-agricultural territories, building-constructions, road network, river network, channels and forests.

Electronic digital photos can be used for carrying out planning and scientific activities such as land arrangement, agricultural planning, forest planning, city construction, road network (railway, vehicle) planning, hydro-technical construction planning, tourism and recreation, implementing geologic-geomorphologic and soil research activities, archeology and etc.

Below we briefly discuss how the orthophoto plans and digital cadastral maps may be used in various branches of economy.

Using Orthophoto Plans and Cadastre Plans in Land Arrangement

Digital cadastral maps and deciphering materials of aerial photos can be used in land arrangement activities, particularly following activities can be implemented based on these materials:

- Recording balance of agricultural and non-agricultural lands;
- Determining conditions of land fund;
- Protecting land usage boundaries;
- Planning and arrangement of irrigation network and exploitation of water facilities;
- General operative planning of agro-technical activities and rayon agriculture.

Indicated spheres have wide perspectives for using distance zoning and geo-information systems technologies.

Using Orthophoto Plans and Cadastre Plans in Forestry Activities

By using orthophotos it is possible to accurately determine capacity and condition of forest resources, conduct inventorization of forest, determine age and condition of plants and etc, as well as compiling specific plans for forestry management.

Using Orthophoto Plans and Digital Cadastre Maps in Communications

Orthophotos and digital cadastral maps are widely used in planning communications network, particularly for planning roads and railways, as well as oil and gas pipelines, planning and managing electric transmission lines, planning supply of drinking water and sewerage, etc.

Using Orthophoto Plans and Digital Cadastre Maps in City Construction Planning

Digital cadastre maps are widely used in implementing city construction tasks and in compiling general plans for big cities and populated areas. In particular, by using this basis it is possible to store and systematize city construction projecting documentation, assess conditions of building-constructions, plan building-reconstruction works, control and monitor city construction, etc.

Using Orthophoto Plans and Digital Cadastre Maps in Environment Protection

Digital cadastre maps are widely used in environmental protection activities. Through their usage, it is possible to conduct precise description, monitoring and control of natural resources, make inventory of water resources, determine pollution spots and monitor them. With digital cadastre maps expert can depict large industrial objects and determine their pollution level. They can also carry out precise description and monitoring of industrial waste, waste disposal spots, etc.

Chapter VIII

Legislative Acts Regulating Land Use Issues

1. Law of Georgia “On Ownership of Agricultural Land”

When did land reform start in Georgia?

The land reform started in Georgia in 1992. The first normative act issued was Resolution of the Cabinet of Ministers of Georgia N 48 of January 18, 1992 according to which the land plots that belonged to the population and additional agricultural lands to be allocated to them were declared to be in people’s possession. The Resolution declared, that the land was granted only to the citizens of Georgia. There was a decision made about setting up a land reform fund and starting of land distribution.

Later a lot of normative acts were adopted, which regulated land distribution in rural areas and reform implementation issues.

How many categories of citizens were eligible to get land parcels?

It was important that during the reform period (Resolution N 290 of the Cabinet of Ministers) the population or the persons who were allocated lands were divided into three categories.

- The first category included citizens who permanently lived in the villages and were engaged in agricultural activities;
- The second category included persons who permanently lived in the villages but worked in other areas of activities (education, medicine and workers of other spheres. After the decision of Parliament in 1996 the people engaged in medicine and education were qualified in the first category);
- The third category included those who lived in the cities and who had in their possession land plots or wanted to have them.

The reform also determined maximum space of lands to be received by the population or supplemented to the existing land parcels.

For the citizens qualifying in the first category, the norm of land was determined to be up to 1.25 ha, it should also be mentioned that later part of the households (teachers, doctors) in the second category received the maximum norm of lands as regulated by the first category. This norm was established for the territories located in the planes and mountain ranges, in the mountain zones, the maximum norm was determined to be up to 5ha (among them 1 ha from the cultivated land).

Persons qualifying in the second category and living in the planes, the space of land to receive was 0.75 ha, in high mountain regions up to 5 ha (among them 0.75 ha from the cultivated lands).

For people living in towns, the amount of land was determined to be up to 0,25 ha. It should also be noted that according to the reform, in the suburban areas of big cities, the maximum

norm was up to 0, 15 ha and in the high mountain zones up to 1 ha (among them 0.25 ha from the cultivated lands).

According to the established norms, each household was eligible to get land, but there was another factor that had to be taken into account. It was the amount of land available in the region and village reform fund, i.e. it was possible that some households got less land in certain territories. This issue was regulated by the local authorities and reform commissions taking into account the situations that existed on the spots.

On the whole territory of Georgia, the lands were issued according to the households (families) and not to the separate natural persons.

What restrictions existed during the reform period?

Till 1994, there were restrictions in the reform process and there was practically no reform carried out on the land plots located within the 21 km territory from the state border. But it should also be mentioned that the restrictions applied only to Samtskhe-Javakheti, Kvemo Kartli and several regions of Kakheti. It should be added here that due to the reform process, agricultural lands like arable land, lands located under perennial crops, ploughed land, pastures, also those ones that were considered to be useless for agriculture, but could have been used for household reasons were given to the population.

When did the reform finish?

The land reform finished by the end of 1998 and after this date no state organ has a legitimate power to transfer state owned lands into private ownership, since this is a violation of the law. They don't have right to issue delivery/receiving acts, but it happens quite often in practice. After 1998 when the reform ended no delivery/receiving acts were issued and the citizens should directly address the Public Register for registration of land ownership.

What was the goal of the law “On Ownership of Agricultural Land”?

Following the normative acts passed during the land reform (first stage of reform) the law of Georgia “On Possession of Agricultural Land” was adopted in 1996, the aim of which was to unite in one legislative act those acts, which were published since 1992.

The aim of the law of Georgia “On the Ownership of Agricultural Land” is to provide legal rights for ownership and use of agricultural lands. The same law defines those legal restrictions and possibilities, which refer to the use, transfer and management of agricultural land. The law regulates issues connected only with agricultural lands.

According to the Law, the land parcels are considered to be agricultural lands if they are registered in the Public Register as agricultural lands and are used for plant cultivation (growing) and production of cattle breeding products with economic and agricultural buildings on them, or without such buildings.

Who can acquire agricultural land?

Only the citizens of Georgia and the legal persons of private law who are registered in Georgia have the right to own agricultural land parcels.

This requirement is one of the most important achievements of this law, according to which it becomes impossible for the citizens of some other countries or a person who has no citizenship to own agricultural land in Georgia. They can only lease such agricultural lands.

What are the peculiarities of land ownership in mountain and lowland villages?

According to the law, in high mountain regions land may be in private, community or state ownership.

This means that the self-governance entity (community) has a possibility to own agricultural land (lands in common use). This does not apply to the lowland lands.

What restrictions does the Law envision?

According to the law it is forbidden to dispose or fragment the land if its space does not exceed 5 ha, i.e. it is impossible to divide the property or transfer it by heritage or giving it to somebody if after fragmentation it becomes smaller than 5 ha.

Comment:

This provision of the law is quite ambiguous; therefore, we can logically judge that this restriction applies only to the land parcels the beginning areas of which are over 5 ha.

The owner is restricted to sell the land parcel if the owner's property is in a common ownership. Selling of such property is only allowed when the owner presents the consents on selling the property signed by the co-owners.

According to the law, when the land parcel is sold, the privileged purchase right belongs to the lessee of this land parcel. If the lessee refuses to buy the parcel, this right goes to the owner of the neighboring parcel and/or lessor.

The law also establishes the privileged redemption right by the state, which means that the state can redeem the land parcel with the privileged redemption right and pay through the Estate Fund if the parcel is on sale. We should also note here that despite the fact that this article is in force, it has not been effective yet, since there is no Estate Fund established yet and there are not legal rules, according to which it will be possible for the state to purchase or not to purchase land parcels.

access roads to the land parcels

Each land parcel should have an access road. If there is no access road to the parcel, the landowner has the right to use the neighboring parcel to access his/her own land parcel. Moreover, the owner of the land may request registration of right to use the road of the neighboring parcel (servitude). This can be achieved voluntarily or through the court.

Blocking, ownership or illegal use of the common use roads is inadmissible.

What is the importance of receiving/delivery acts and who is eligible to issue these acts?

Before introduction of the registration certificates receiving/delivery acts represented the only legal documents justifying the ownership right on the land parcel. Its existence was enough to register the land in the Public Register.

Receiving/delivery acts were issued from 1992 to 1998. If a person failed to get the mentioned document, it does not mean that the land plot does not belong to him/her. There are many other possibilities to establish the right on the property, e.g. resolution of the village council (reference), payment lists. From these documents, submitting of one is sufficient for property registration.

Local self-governance bodies have the right to issue receiving/delivery acts, which had to be also sealed by the head of rayon land management service, i.e. acts should have two seals – that of village sakrebulo and **land management office**. Only with these two seals receiving/delivery acts are considered legal. It should be taken into account that after completion of land reform, the issuance of receiving/delivery acts has ceased, i.e. by the end of 1998. All the acts issued after this period are considered illegal.

Will the land parcels that are in the private ownership be taken away from their owners if they are not cultivated during 2-3 years?

According to the Article 20 of the law “On the Ownership of Agricultural Land” it is the owner’s right to use the land according to his views. Therefore, the widely spread idea that if the land is not cultivated for 2 or 3 year period, it can be taken away, is wrong and inaccurate.

What is the legal form of household economy?

According to the law on Ownership of Agricultural Land, there is a concept of household economy (“household economy is a totality of agricultural land plots, residential and economy buildings, also relevant processing industrial objects and equipment, which represents property of a natural person or the property of a husband and a wife or the common property of the other members of the family”). But the legislation, and namely the law “On Entrepreneurs” does not list a household or farmer’s economy as an organizational-legal form of enterprises. According to the existing legislation, households may qualify as individual enterprises, limited liability companies, and cooperative or other organizational-legal forms. Household economy should of course have a legal form if a farmer’s household is going to carry out entrepreneur activities. In all other case, existing legislation does not require to set up farming in the form of legal-juridical economy if products are produced for personal use.

2. Law of Georgia “On Land Registration”

Comment:

Information below is prepared in compliance with the current Law On Land Registration. New law regulating land and other property registration processes is expected to be past in the near future.

In case this pending law is passed, you can address the Association for Protection of Landowners' Rights to receive detailed information.

What is the role of the Public Register in the real estate transactions?

During the sale of land and other immovable properties, or awarding to them some other right, besides the notarized agreement, the deal connected with the land and real estate is subject to the registration in the land and real estate Public Register as an obligatory registration procedure. Public register is a public organization where all legal rights (property, lease, mortgage, structure, servitude, usufruct, general restrictions) are registered. By recording public right, the state recognizes existence of this right. If some right connected with the land and real estate is not registered in the Public Register, this right has no legal force. This status will continue to exist until the interested party registers their rights in the Public Register.

What does the Public Register system represent in Georgia?

The land and real estate public register system in Georgia has its own local register offices (zonal register) in every region and big city (except Abkhazeti and Tskhinvali regions). The territory of Georgia is covered with registration zones (according to administrative subdivision of regions and big cities). There is a zonal register in each zone. **“In every administrative centre of each registration zone is set up a register of geographical zone...” In the registrar’s Office the following activity is carried out: a) registration of land and connected immovables; b) preparation and keeping of Geographical zone registration cadastre maps and registration cards; c) keeping of all agreements connected with the change of ownership, heritage certificates and other acts, connected with ownership on the land and real estate, topographical plans of the property, indices of the registration and other records, necessary for real estate registration” (items 5 and 6 of the Article 3 of Georgian Law “On the Registration of Land”).** It is clear that the Public Register have to keep the complete information concerning the land and real estate, which must be available to any interested person. Currently, some work is being carried out on Georgian territorial cadastre, after which reliable information will be entered into the Public Register about all land plots and real estates on our territory; in other words, systemic registration will be carried out.

Presumption of veracity (acknowledgment) applies to the existing data on the land and real estate, which means that if contrary is not proved (if it is necessary it can be done through the court), the information entered into the public register is true. “The presumption of veracity and accuracy shall apply to the data existing in the Public Register, i.e. an entry in the Public Register shall be deemed to be accurate until its inaccuracy is proven”. (Civil Code, article 312.1)

When was the Law On Land Registration passed and what are its goals?

The law on Land Registration was adopted on November 14, 1996. The main goal of the law is registration of land and all the immovables on it in the Public Register.

Minerals in the earth, plants growing on the earth, buildings, which are strongly standing on the ground and are impossible to separate its parts without destroying them or their parts or which cannot be taking away are considered as immovables.

The goal of registration of land and other immovable property is to keep record and register the property, also establish right of use and other rights and powers on this property, set up a database concerning the creation, transfer and restrictions of these rights.

Registration of land and other immovable property is a part of land cadastre activity and includes all necessary information on the boundaries of land plots, on the legal status of the other objects and their quantity.

Who participates in property registration?

During registration of the property one side is represented by the public registration service, and the other side is represented by any person (legal or natural person) who registers his/her ownership, use, restriction or some other rights foreseen by the legislation.

Immovables in Georgia are registered by the relevant regional or city Registers of the State Department of Land Management. In the nearest future this activity will be carried out by the National Agency of Public Register, legal person of public law, subordinated to the Ministry of Justice.

What are the Register's rights and obligations?

During registration of the property, the registrar is obliged to receive any presented documentation and if the presented documents are complete and sufficient the Registrar should register the right on property within 10 days.

The Registrar is not responsible for the validity of the presented documents; the registrar only records their existence and registers them according to the established rules. The registrar is not responsible if any of the documents are not valid. It is not the registrar's obligation to check whether the document is false, especially if this document is sealed.

As for the cadastre maps, the Registrar is obliged to check their correctness and in case of some inaccuracy or mistake, the Registrar should demand an answer and require correction of error by the company who created the map, also make a suggestion to the relevant organizations about annulment of the license of the company.

As a response to the request of a client, the Registrar is obliged (though according to the law only has a right) to issue references confirming property ownership, references containing information, make and give out extracts from the Public Register, containing information on the location of the land plot, restriction of owners and co-owners, user's obligation (lease, renting) and mortgage.

What sort of information is kept in the Register?

Record cards are compiled (principal legal document) on each land plot in the Register, containing the following information:

1. Ownership section – contains short description of the property which is in the ownership or usage, together with the rights and conditions connected with them, also data on registration cadastre (indices) maps;
2. Owner's section – contains the name, surname, father's name and address of the owner; record on any restrictions of the owner's rights and a list of co-owners.
3. Section of responsibilities – contains all sorts of obligations, servitudes, restrictions connected to the land and other immovable property;
4. Lease and mortgage section – contains all kind of records concerning lease and mortgage.

Cadastre plans are made for each land plot in the register, with the graphic information about the location of the land plot.

The Register also keeps all those documents that are connected with the registration of the right and represent the legal basis for the registration.

What is the document issued during registration of property?

After registering the property in the Public Register, the Registrar issues a land (real estate) ownership certificate, also an extract from the Public Register. In case the ownership certificate is lost by the owner, the owner can apply to the registrar for the new certificate.

The extract from the Public Register contains the same information as given in the record card.

Any citizen can receive other kind of information from the Public Register.

Who can receive information from the Public Register?

The information in the Public Register is open. On the basis of an appropriate application, any person has the right to receive the information about the land (real estate), on the status of property registration in the Public Register. They can obtain the extract from the register regarding this property, request the copies of record cards and other documents that are kept in the registration office.

“The Public Register is accessible for information to all interested parties. The right of property and other real rights are entered into the Public Register”. (Article 311 of the Civil Code). In order to receive full information regarding the land or real estate (who is the owner, is the property on rent or mortgage, do any rights, like the right to build or servitude exist on the property) the interested persons must apply to the real-estate Public Register office within the appropriate location zone.

Is it possible to divide a land plot or unite several land plots?

The issues of dividing or uniting the real estates registered in the Public Register are governed by the Law. The owner has the right to unite spatially bordering land plots, as well as the right to divide them. When uniting the property, the owner must apply to the Registrar on canceling the existing record cards and opening a new record card.

In case of dividing the property, the owner must apply to the registrar for a copy of the cadastral map of the land and perform the division (with the help of a surveyor). He must

then bring the cadastre map to the registration office to the Registrar, who will register the divided plots of land.

Is the registrar entitled to amend the registration documents?

If the Public Register contains inaccurate information, the registrar is entitled to make corrections only in the following cases:

1. If there are errors or inaccuracies that do not materially affect the owners' interests;
2. When the person presents court ruling verifying the fact of ownership or use;
3. If all interested parties agree to change the data;
4. If, as a result of secondary checking of the space and boundaries of the property, the cadastre and record card information prove to be inaccurate, and the Registrar gives preliminary notification regarding the corrections to the owner and other interested parties (other interested parties can be the co-owners, beneficiaries, mortgage creditors, etc.)
5. When the name, last name or address of the owner and/or beneficiary is changed, based on his/her written statement.

What are the deadlines for submission of documentation for registration and deadlines for registering the right of ownership?

Any document, which can effect the accuracy of the information in the Public Register (sale or lease contracts, court rulings, heritage issues, (opening of the title deed on the real estate) should be submitted to the registration office in the appropriate location zone within 30 days.

The registrar is responsible to register the rights of ownership, and other property rights on the land and other real estate within 10 days upon receiving the application (Article 6 of the Administrative Code).

How does the Registrar react to the disputable issues (disputes concerning land property)?

The Registrar must suspend registration if there is a dispute over the property until the issue is solved or an appropriate court decision is issued.

3. The Law of Georgia on “Registration Fees”

Comment:

Information below is prepared in compliance with the current Law on Registration Fees. The new Law on Fees Established for Services of National Agency of Public Registry is planned to be passed in the near future.

In case of passing of this Law, you can address the Association for Protection of Landowners' Rights to obtain the detailed information on the requirements of the law.

What is a registration fee?

The registration fee is a mandatory payment that physical and legal entities have to pay to the budget of Georgia according to the procedures and in amounts established by the Law of

Georgia on “Registration Fees” for performing the activities established by the law and assigning ownership and usage rights.

The person must pay a fixed registration fee for registration of land (real estate).

Along with other documents, the entity must submit with the Public Register receipt verifying payment of the registration fee for registering the land (real estate).

What are the cases when the registration fee is not paid?

The registration fee is not paid during the primary systematic registration of the agricultural land.

The primary registration of the land and the related real estate, which includes planning works, preparation and issuance of documents, registration certificates and cadastral maps, also all other activities associated with the primary registration and is financed by the government or other attracted credits, donations and technical support funds, is performed without the payment of the registration fee.

How much are the registration fees viz. how much are the Public Register services?

The tariffs of registration fees for land (real estate) are:

1. Registration of the rights of ownership, superficies, mortgage, lease or rental of the land and related real estate, including preparation of cadastral maps, filling of record cards, issuance of registration certificates and other services of registration provided by the Georgian legislation - 7 GEL
2. Registration of usufruct or servitude on the land and related real estate, also limitation of the registered right, including preparation of cadastral maps, filling of record cards, issuance of registration certificates and other services of registration provided by the Georgian legislation - 7 GEL
3. Copies of applications, registration certificates, and certified cadastral maps on the basis of a written request of an entitled or interested party (per copy) - 0.5 GEL
4. Preparation of a copy of the certified cadastral map on the basis of a written request of an authorized or interested party - 2 GEL
5. Preparation and issuance of an extract from the Public Register regarding the land and related real estate on the basis of a written request of an authorized or interested party - 2 GEL
6. Preparation and issuance of the registration certificate of the land and related real estate on the basis of a written request of an authorized or interested party - 2 GEL

- | | |
|---|--------------------|
| 7. Amendments to the Public Register or the registration certificate of the land and related real estate on the basis of a written request of an authorized or interested party | - 2 GEL |
| 8. Preparation of small-size geographical or cadastral maps or similar technical services for the documentation required for the registration of land or related real estate on the basis of a written request of an authorized or interested party | - 2 GEL |
| 9. Preparation of certificates on the basis of the revision, analysis and systematization of the information contained in the documents of the Public Register regarding the land or related real estate and their issuance to the third parties | - 7 GEL |
| 10. If, by acquiring two or three spatially bordering land plots, a single plot is formed, registration of these plots as one, also performing other activities as provided by Item 1) on the basis an application by the buyer | - 7 GEL |
| 11. If, by acquiring four or more spatially bordering land plots, a single plot is formed, registration of these plots as one as per Item 9) for each land plot above three plots | - 7 GEL
- 2 GEL |

4. Violations envisioned by the Administrative Violations and Criminal Codes

Types of violations for which the land tenants become subjected to Administrative Sanctions?

According to the current legislation in Georgia, land tenants have certain administrative responsibilities and in case of their violations both physical and legal entities are sanctioned. Respective administrative sanctions are established for violating the administrative responsibilities varying from 50 to 3,500 GEL.

The administrative liability are imposed on persons if the fertile layer of the agricultural soil isn't properly farmed and preserved or meliorating works aren't carried out, also the mandatory actions for protecting the soil against deleterious conditions aren't taken, such as re-cultivation, protection against wind and water erosion. Certain sanctions also apply for occupying or using the land without a proper permission or right.

Responsibilities of land users include:

- Removal of the fertile layer of soil in accordance with all established rules and permitted activities related to this procedure;
- Avoid failure to register documents certifying usage of state-owned non-agricultural lands in accordance with the established regulations;
- Avoid damaging the soil with industrial or other exhaust and its pollution by sewage;
- Avoid failure to return temporarily occupied land on time and to fulfill the duty to bring it to the usable condition;

- Avoid failure to return on time temporarily occupied lands located within the territory of protected area;
- Avoid inexpedient use of land;
- Avoid failure of a land tenant to observe the established rule while transferring state land (or a part of such land) to another land tenant;
- Avoid violation of the project on land tenure and land protection without proper permission;
- Avoid failure to observe a warning on administrative offences against the land legislation given under established rule;
- Avoid destruction or damaging of a boundary sign or arbitrary change of frontier, including boundary signs marking borders of protected area and territorial and functional zones of that area;
- Avoid construction of objects having deleterious effect on the soil;
- Avoid illegal occupation of a land and/or its utilization without the right of land tenure;
- Avoid conveyance of incorrect information on land funds, condition and utilization of lands. Avoid violation of deadlines for considering applications, petitions and complaints concerning allocation of lands.

As already mentioned, in case of the above listed violations the land tenants are subjected to administrative liability and respectively administrative penalties.

Criminal Violations and Sanctions

Physical and legal entities are subjected to criminal liability for:

- Illegal registration of land-related transactions (sale and other) and distortion of data of the State Land Register records.
- The land tax amount is reduced for personal benefit or other personal reason.
- The industrial, farming or other type of activity that causes poisoning of soil with deleterious substances, degradation or other unhealthy effects.
- Violation of the territorial regimes of the State Reserve, strictly protected zones of the National Park, biosphere reserves of Natural Monuments and the World Heritage territory.
- Finally, commitment of ecocide, e.i. poisoning of the atmospheric, land and water resources, mass destruction of flora and fauna and their habitats or such activities that could cause an ecological catastrophe.

5. Land and real estate-related transactions and their procedures

5.1 Inheritance

There are two ways of transmitting the property to heir or heirs in case of the owner's, otherwise a "decedent's", death: by intestate succession and by testate succession.

What is an Intestate Succession?

Intestate succession means transmission of a decedent's property to his heirs and is valid in case the "decedent" did not leave a will, e.i. during his life the owner himself has not identified a "heir", a person to whom he would transmit the property under his ownership and this issue is regulated by the law after his death.

During intestate succession the heirs may be:

1. First category - spouse, children, parents;
2. Second category – siblings;
3. Third category – grandparents;
4. Forth category – uncles and aunts;
5. fifth category – cousins;

It should be mentioned here, that the right of inheritance of the living spouse doesn't relate to the part of property that he/she is eligible for from the co-owned property.

What is a testate succession?

In case of a testate succession the right of ownership on the decedent's property is transmitted to one or more persons indicated in the will. A person can leave his property (or a part of it) by a will to his heirs as well as to other persons.

Is it obligatory to notarize a will?

The will must be prepared in a written form and signed by the testator. Notarization of the will is preferable, or otherwise it must be confirmed by the signatures of the witnesses.

The property inherited by testate succession must be registered in the Public Register.

When can the title deed on estate be opened and the inheritance property claimed?

The time of opening of the title deed on the estate is the day of the owner's death or the day the court opinion on declaring the death of a person is enacted.

The inheritance property should be claimed within six (6) months upon opening of the title deed.

What documents are required to notarize the claim the inheritance?

The documents that must be submitted with the notary to inherit the property are:

- A certificate of death of the decedent;
- An extract from the Public Register regarding the decedent's property;
- In case the property is not registered in the Public Register, a copy of the inventory plan from the Technical Bureau or a description reference is required;
- Identification documents of the heirs.

How is the inheritance transmitted within a household?

According to the Civil Code of Georgia, the title deed on the common estate of a household is opened on the day of death of the last member of the household. In other words, the title deed on the estate is not opened until the last member of the household dies.

How much does a person pay to receive the inheritance by testate succession?

The amount of the rate equals to 30% of the property value and any person receiving any kind of real estate by testate succession (by a will) is considered the payer. However, the heirs of the first and second category are exempt from payment and so are the persons receiving the inheritance in the amount of less than 50 000 GEL.

How is the inheritance property registered in the Public Register?

For registration of the inheritance property in the Public Register, the following documentation should be submitted:

1. An application of a physical or legal entity for registration of the land (real estate) in the Public Register;
2. If the property isn't registered in the Public Register, a document certifying the right of ownership of the decedent;
3. The original of the certificate of death of the decedent;
4. An inheritance certificate verified by the notary;
5. A cope of an identification document or a passport;
6. Receipt confirming the payment of the 7 GEL fee for registration of the right of ownership;
7. Receipt confirming the payment of the property transmission tax from the Tax agency, if the heir is not in the first and/or second category.

For registration of the inherited land (real estate) in the Public Register the registration fee is 7 GEL, which can be paid in any bank office.

Please also note that if the list of the attached documentation is complete, the Registrar has no right to refuse to accept the application and perform the registration.

Within 10 days upon receipt of the abovementioned documents, the registrar registers the right of ownership on the real estate and issues the following documents:

- a) A registration certificate or an extract from the Public Register;
- b) A cadastral map (if needed).

Remember:

The right of ownership on the real estate becomes valid from the moment of its registration in the Public Register. By registration of the property in the Public Register, your right of ownership is securely protected by the State.

Is the Technical Bureau entitled to transfer the ownership right while transmission of inheritance?

The person receiving the inheritance should apply to the Technical Bureau in case the property is not registered in the Public Register and obtain the certificate-reference of the property, or a copy of the inventory plan, which is required for submission with the notary.

You might also have to submit with the notary a document confirming that the property is not indeed registered in the Public Register which can be obtained from the Public Register. Please note, that this procedure is applicable only if the property has been acquired before the year 1998.

After receiving the title deed on estate, the right of ownership of the property must be registered in the Public Register. Please note, that the Technical Bureau is not entitled to register this right.

If the property is already registered in the Public Register, the person receiving the property should obtain only the extract from the Public Register and apply to the notary.

In case of testate succession, should one apply only to the notary operating in the given zone? Are there any limitation in this regard?

The person receiving the inheritance by testate succession should apply solely to the notary operating in the zone of the person's home address.

5.2 Sale

What is Sale?

Sale is a type of transaction when the right of ownership on the property of one person is transmitted to another person on the basis of a certain payment (The Civil Code: Articles 477, 504).

What are the procedures of sale?

The following are the sale procedures:

1. Obtaining of information regarding the sale object;
2. Preparation of a sale agreement and its notarization;
3. Registration of the right of ownership in the Public Register.

How can the information about the sale object be obtained?

Before concluding the sale agreement, the owner should obtain the document certifying the ownership of the property to be sold. This document should prove to the buyer and the notary that the property of the seller is legal and it is possible to prepare the sale agreement. The documents certifying the ownership of the property are:

- a) An extract from the Public Register,
- or
- b) A description-reference from the Technical Bureau.

An extract from the Public Register can be obtained from the registration office of the National Agency of Public Register (the former land management agency). The cost of this service is 2 GEL, which can be paid in any commercial bank. The extract is issued within one (1) week after submitting the application.

As already mentioned, the extract is issued in case the property is already registered in the Public Register.

If the property to be sold has not been registered in the Public Register, the reference of the Technical Bureau should be obtained. The reference is issued by the Technical Record Bureau and it costs 16,9 GEL (22 GEL for immediate issuance). The fee can be paid only in the Technical Bureau and the reference is issued within two (2) weeks after the submission of the request.

What documents should be submitted with the notary during sale?

In order to process the sales transaction, the following documents should be submitted with the notary:

- a) An extract from the Public Register (a reference from the Technical Bureau if not registered in the Public Register). In this case also a reference is needed from the Public Register confirming that the property is not registered there;
- b) A sales contract. If the contract is not prepared by the parties, the notary has the right to offer them a form of a contract prepared by the notary;
- c) Written consent of co-owners in case of co-ownership;
- d) A notarized protocol of the meeting of the managing body of an organization in case of a legal entity;
- e) A court opinion or an extract from the Entrepreneurial Register confirming the registration of a legal entity;
- f) An extract from the Entrepreneurial Register in case of an individual enterprise;
- g) A reference from the Chamber of Notaries confirming that the property is not blocked.

How much is a notarization fee during sale?

The notary verifies the accuracy of the submitted documents, the willingness of the parties to make a transaction, legal capacity of the parties, and authorizes the parties to sign the contract. The buyer and the seller or their authorized representatives (having the proxies) have the right to sign the contract. After the contract is signed by the parties and the notarization fee is paid, the contract is authenticated by the notary.

For notarization of a sales contract it is necessary to pay a notarization fee.

On the basis of bilateral and multilateral transactions the following payment rates have been established:

#	When the cost of a transaction is	The payment in GEL is (% of the transaction cost)
1	Up to 500 GEL	3%
2	501 GEL to 1000 GEL	15 GEL + 2,5% above 500 GEL
3	1001 GEL to 2000 GEL	27,5 GEL + 1,5% above 1000 GEL
4	2001 GEL to 3000 GEL	42,5 GEL + 1% above 2000 GEL
5	3001 GEL to 5000 GEL	52 GEL + 0,5% above 3000 GEL
6	5001 GEL to 20,000 GEL	62,5 GEL + 0,4% above 5000 GEL
7	20,001 GEL to 100,000 GEL	122,5 GEL + 0,3% above 20,000 GEL
8	100,001 GEL to 500,000 GEL	365,5 GEL + 0,2% above 100,000 GEL
9	500,001 GEL to 1,000,000 GEL	1162,5 GEL + 0,1% above 500,000 GEL
10	above 1,000,000 GEL	1662,5 + 0,05% above 1,000,000 GEL

According to the current legislation, the buyer is responsible for covering the notarization fee, although, by mutual agreement of the parties it can be paid by the seller. The amount of the payment depends on the price of the property on sale indicated in the sales contract. Additional 20% of VAT is added to this amount.

Why do the notaries send sales transaction parties to the Tax Services?

After notarization of a sales contract, the buyer is liable to pay 2% of the cost of the purchased property in the Tax Service of the appropriate region (a real estate transmission tax (declaration)). As a rule, this amount is calculated based on the price indicated in the sales contract.

What is a real estate transmission tax and how much is it?

According to the Civil Code, the taxable real estate existing in Georgia is the property on which the right of ownership can be transmitted. Also, the properties that can be leased out or rented are taxable. The rate of tax amount is defined in the amount of 2% of the taxable sum and should be paid by the receiver of the real estate.

When is it that the real estate transmission tax is not paid?

There are exceptional cases when the real estate transmission tax is not paid:

1. Transmission of property for less than 1 year by rental or lease contracts;
2. Transmission of property to spouses, parents or children;
3. Transmission of property during divorce;
4. Transmission of property gratuitously to the State, or state-owned, charitable or religious organizations.
5. In case of reorganization;
6. According to the Law of Georgia on “Oil and Gas Production”, for conducting oil and gas operations under the production allocation agreement.

What is the term for paying the real estate transmission tax?

This tax must be paid not later than on the second day from transmission of property. The payer of the tax must present an appropriate declaration in the Tax Inspection.

What documents should be submitted to the Registrar for registration of sale in the Public Register?

In order to register the right of ownership, the buyer of the real estate should submit with the respective Register office the following documents:

1. An application of a physical or legal entity on registration in the Public Register;
2. A notarized sales contract;
3. A copy of an identification document or a passport in case of a physical person;
4. A document certifying the registration of a legal entity in Court or in the Ministry of Justice;
5. An extract from the Entrepreneurial Register in case of an individual enterprise;
6. A document certifying the payment of a 2% real estate transmission tax (declaration) issued by the regional Tax Service;
7. A Receipt confirming the payment of the 7 GEL fee for registration of the right of ownership.

Remember that the Registrar has no right to refuse to accept and register the application if the list of the attached documentation is complete.

The registrar has the right to refuse to register the property if:

- the applicant fails to submit the above listed documents;
- the land or real estate specified in the submitted documents belongs to another person or is a common property.

What is the term for submitting the sale documents to the Public Register?

A mandatory term for submission of the sale documents to the Public Register is 30 days from notarization of the sales contract.

Based on the submitted documentation, the registrar within 10 days processes the registration of the right of ownership and issues the following documents:

- a) A registration certificate or an extract from the Public Register;
- b) A cadastral map (if needed).

By issuing the above documents, the procedure of sale is considered completed.

How can a part of real estate be sold?

Two circumstances should be considered for selling a part of real estate:

1. If the ownership of the property is created before the year of 1998 and it is not registered in the Public Register, the property can be separated and sold through a notary and then be registered in the Public Register.
2. If the property is already registered in the Public Register, in case a part of it (for eg.: a part of land) is sold, the sold and remaining parts of the property should be separated (divided) and registered in the Public Register separately.

In order to divide the real estate, the owner must apply to the Public Register's office for a copy of a cadastral map. The cost of this service is 2 GEL.

In order to divide the real estate, the owner must also apply to the company performing the survey works for conducting appropriate procedures.

Afterwards, the divided property is registered in the Public Register. Once the property on sale is separately registered, the procedure of sale is entirely identical to the procedures described above.

How is the real estate given as a gift (donated) or exchanged?

While donating the property, the donor at the consent of the donee transfers the property into his ownership for free. In this case, a contract of gift is concluded, which must be verified by the notary.

While exchanging the property upon mutual agreement of the parties, they take the liability of mutual transmission. In this case, an exchange is concluded and verified by the notary.

The procedure of donating and exchanging the property is entirely identical to the above described procedure of sale.

How much is the property transmission tax in case of donation?

When the property is given as a gift, the transmission tax amounts to 30% of its value and the payer is the person receiving the property as a gift, e.i. the donee.

However, it should be mentioned, that the heirs of the first and second category, also the persons receiving the property in the amount of less than 1000 GEL are freed from this payment.

Payment of this tax is mandatory within a one-month period upon concluding a contract of gift.

Do I need a permission of the neighbor or the frontier guard to sell my own land?

When selling private property, consent of a neighbor or a frontier guard is not required.

5.3 Mortgage

What is mortgage?

For ensuring that obligations related to credit loans or other types of services will be met, land or real estate can be used as a guarantee. This method has been practiced worldwide and is successful in all countries with highly developed economies. Therefore, mortgage deals are one of the most significant components of market relations currently (especially transactions related to credits).

The concept of a mortgage is that if the owner goes bankrupt, no one, but the mortgagee has the right to claim the encumbered property.

According to the Civil Code “the real thing can be used (mortgaged) to satisfy the mortgage claim so that the creditor will be entitled, as opposed to other types of creditors, to receive his compensation from this thing in the first place” (Article 286).

This process takes place when the owner fails to fulfill his liability under the mortgage. In this case, the mortgagee has the right to appeal to the Court on selling the mortgaged property and receive his compensation from the payback. When the mortgagee satisfies his mortgage claim from the payback funds and the liability is covered, the remaining sum is granted to the former owner or used to cover his other debts.

The parties of a mortgage deal are: the owner of the land (real estate) and the person interested in mortgaging the land (real estate).

Who are the participants of a mortgage deal?

Based on the experience of business arrangements practiced in our country, a mortgage deal is generally simple and includes two participant sides – the mortgagee (creditor) and the mortgager - the owner of the property simultaneously being the person responsible for fulfilling the liability guaranteed by the mortgage. Land and real estate can be mortgaged only by the owner. It is possible to secure any liability by a mortgage. However, as already mentioned, in most cases this operation is used to secure bank loans, therefore, as a rule, the mortgagee is represented basically by banking organizations. The parties of a mortgage transaction are the owner of the land or real estate, on the one hand, and the mortgagee, on the other hand, otherwise the receiver of the property by mortgage. It is also possible that the owner mortgages his property to secure the liability of a third party. This is when a third party is included in the transaction referred to as the debtor. In such cases, the mortgagee (creditor) can satisfy his demand towards the debtor by selling the property owned by another person in accordance with the established rule of sale of land and real estate.

What is necessary for putting the property on mortgage?

Prior to entering a mortgage deal, the owner must obtain an extract from the Public Register to confirm his rights over the property to be mortgaged. Also, please note that the extract is only valid for one month.

According to the Law of Georgia on Registration Fees, the payment for an extract from the Public Register is 2 GEL and it is issued within 10 days.

A mortgage deal cannot be processed if the land is not registered in the Public Register. Therefore, in order to mortgage a property it must primarily be registered in the Public Register.

How is a mortgage contract processed?

A mortgage contract must be prepared in a written form and its signing should be witnessed by a notary. The notary confirms the identities of the signers and verifies the accuracy and

authenticity of the content of the contract. The contract should also specify the owner of the real thing, the mortgagee, an assumed debtor (third party), the value of the secured claim, the benefit and the term of a mortgage. On the basis of a mutual agreement, the parties decide who will pay the notarization fee, which is calculated based on the cost of a mortgage contract and amounts to 2% of this value. Payment of additional 20% VAT is added to this amount.

For notarization of a mortgage contract the following documents should be submitted:

1. An extract from the Public Register;
2. A written and notarized consent of co-owners (in case of co-ownership);
3. A Court judgment or an extract from the Entrepreneurial Register confirming the registration of a legal entity;
4. An extract from the Entrepreneurial Register in case of an individual enterprise;
5. A notarized protocol of the meeting of the partners or a council stating the decision to mortgage the land (real estate).
6. A mortgage contract (prepared by parties or by the notary);
7. A reference from the Chamber of Notaries confirming that the property is not blocked.

How is the notarization fee calculated during mortgage transactions?

When a mortgage deal is executed, the notarization service fee is reimbursed from the value of the secured liability.

In a mortgage deal it is absolutely possible that the value of the land or real estate greatly exceeds the value of the liability secured by a mortgage. For instance, for securing a 20,000 GEL bank loan a private house with the cost of 100,000 GEL may be put on mortgage. The term of the credit is 3 years with 24% annual interest rate. Thus, the house is secured by a liability in the value of $20,000 + 72\% = 20,000 + 14,800 = 34,800$ GEL, respectively, the value of the mortgage deal is 34,800 GEL, from which the amount of the notarization fee is calculated.

It is also possible that the value of the liability exceeds the cost of a mortgaged property. In this case, only a part of the liability is secured by a mortgage. The rest of the liability is secured by additional means. For instance, the sum of a bank loan and the interest rate is 12,000 GEL, and the cost of the mortgaged property is 10,000 GEL. The remaining 2,000 GEL is secured by a lien of jewelry. In this case the value of a mortgage deal is 10,000 GEL from which the amount of the notarization fee is calculated. The described method of defining the value of a mortgage deal may apply to other cases as well.

When does mortgage deal acquire legal force?

A mortgage is created after the registration of the deal in the Public Register. After signing the mortgage agreement its notarization, the right on the mortgage should be registered in the land (real estate) Public Register. The right on mortgage right comes into force only after its registration in a due manner in the Public Register. For its registration in the Public Register, the physical or a legal person must apply relevant zone Public Register. Together with the application, the interested person should submit notarized mortgage agreement. The mortgage deal should be registered in the Public Register during 30 days after notarization of the agreement.

How is mortgage agreement registered in the Public Register?

The registration fee for the mortgage deal on the land (real estate) in the Public Register is 7 GEL.

In order to register the mortgage transaction in the Public Register it is necessary to present the following documents:

1. Application of a physical or legal person concerning the registration of the mortgage deal in the Public Register, this document is filled out in the land management office registry ;
2. A copy of identification document or a passport in case of a physical person;
3. A Court opinion regarding registration of a legal person or extract from the entrepreneurial register;
4. An extract from the enterprise register, in the case of individual enterprise;
5. A notarized mortgage agreement
6. Receipt confirming payment of the fee for mortgage deal registration.

The real estate mortgage deal is registered by the Registrar within 10 days after submission of these documents.

What are legal expenses connected with the mortgage deal?

According to the current legislation, registration of the mortgage deal is connected with the following expenses: fee for the extract from the Public Register confirming the ownership right – 2 GEL; notary service fee for registration of the right on mortgage – 7 GEL.

Is it possible to mortgage land and real estate several times?

As a rule, the cost of land and real estate is quite high and in comparison with other material assets, its price is rather stable. The owner often has demands (mainly in the form of material credits) the price of which is higher than the price of immovable properties in their ownership. In those cases when owners' creditors are different persons and the material expression of their requirements do not exceed the cost of the land and real estate, it is possible to mortgage one and the same property with each creditor separately. During making mortgage agreement of one and the same land and real estate for several times, i.e. satisfying one's own needs with the mortgaged property, the order of mortgage priority is determined according to the time of their execution i.e. if owner fails to fulfill any of the obligations, the sum received after selling of the mortgaged is paid to the creditor with whom the mortgage agreement had been signed first, the rest of money will be paid to the second creditor and so on until the whole sum is spent.

Is it possible to mortgage a part of property?

If the price of land and real estate significantly exceeds the sum of liability, then the owner can mortgage only a part of property which he/she owns. For mortgaging a part of property, the owner should identify the part of the property, which he/she intends to use for mortgage.

What are the consequences for not meeting the mortgagee's liabilities?

If the debtor delays meeting of the claim secured by the mortgage, then the reimbursement of creditor's expenses will be done through sale of the land and the real estate. In these

situations, the mortgaged land and real estate will be subject to foreclosure sale . “1. foreclosure sale through auction, under the creditor’s request, is executed by a court and the court designates a specialist (expert). 2. The court decision shall be made public. (Civil Code, Article 301).

6. Lease of Agricultural Land

What is the definition of agricultural land?

Land parcel is considered to be an agricultural land parcel if it is registered in the Public Registry as an agricultural land and is used for planting and animal farming with or without its agricultural facilities and auxiliary constructions.

In our country agricultural land is protected with the law and its usage for non-agricultural or other purposes is only allowed with the special permission.

What is lease?

Lease on land and real estate represents form of usage of property, which is in the ownership of another person or entity. Lease is usage of property in the ownership of another person or entity for certain term (or without any fixed term) based on determined payment (or without any payment). The Civil Code (Article 581) defines lease in a following manner: Based on “lease agreement” “lessor” is obliged to transfer certain property to “lessee” in temporary usage and during the lease period provide possibility for producing crops, if it is obtained as a result of accurate management of the farm in form of income. “Lessee” is obliged to pay “lessor” agreed amount of lease payment. Lease payment can be monetary or in kind. Parties can agree on other forms of lease payment as well.

How is agricultural lease defined?

Agricultural lease is one of the forms of transactions which is determined by the Civil Code and defined in a following manner: “Transaction is manifestation of unilateral, bilateral an multilateral will, which is aimed at arising, changing or terminating legal relations”.

As we already noted, lease is one of the transaction types. Agricultural lease is part of lease itself (lease rights can arise on non-agricultural land as well) and is defined as:

1. Transfer of land parcel based on agricultural land lease agreement for agricultural use with or without certain residential or agricultural constructions (enterprise).
2. Rules of lease extend on agricultural land lease if other rules are not determined for agricultural land lease.”

In other words, physical person (peasant, farmer or any other) as well as legal entity based on the voluntary principle can take or give agricultural land into lease.

Who can be involved parties in lease relations?

In agricultural land lease transaction, mainly two parties are involved: owner of agricultural land or his/her authorized person – “lessor” and the one who takes agricultural land into lease – “lessee”.

What kind of agricultural land parcels can be leased?

Agricultural lease apply to:

1. Arable land, land with perennial plants, cultivated and natural mowing lands and pastures.
2. Garden, orchard and summerhouse parcels.
3. All agricultural parcels.

What rights, obligations and restrictions does the owner (lessor) have?

1. Lessor has the right to:
 - a) Lease out the agricultural land in his/her ownership.
 - b) Receive income (benefit) determined by lease agreement as in monetary payment as well as in kind or in any other form defined in the agreement.
 - c) Terminate lease agreement if lessee crudely violates terms envisaged by the lease agreement or demand relevant amendments in the terms of the agreement.
- 2. Lessor is obliged to:**
 - a) Reimburse expenses to the lessee for improving condition of leased property in accordance with the lease agreement.
 - b) Observe terms of the lease agreement.

What rights, obligations and restrictions does the user (lessee) have?

1. Lessee has the right to:
 - a) Fulfill terms envisaged by the agreement.
 - b) Cancel lease agreement if certain conditions arise. For example: lessee has problems or due to unrelated circumstances (natural, political, economic and etc.) he/she is unable to continue lease process.
 - c) Request extension of lease term after the expiration of the term:
If the indicated lease land is the main source for living for the lessee, and this land parcel is vitally important for maintaining farm and the expiry of the lease is going to be very harmful and painful for the lessee (his/her family) that it has no justification even from the lessor’s interests. (Article 604 of the Civil Code)
 - d) In agreement with the lessor, lessee can include other rights in the agreement that do not contradict existing legislation. It must be noted that the amendments should not be achieved through cheating the lessor. In particular, lessee has the right to determine the amount and form of lease payment through the way of agreement. For example: lease payment can be paid in kind, when lessee provides the owner with the preliminarily determined part of harvested crops. It is also possible for the lease transaction that parties agree on other forms of paying lease payment.
- 2. Lessee is obliged to:**
 - a) Pay the lease payment (and the land tax as well, if it is so determined by the agreement).
 - b) Preserve leased land and related immovable property.

- c) Regularly pay lease payment with the time-terms determined by the agreement (plus land tax, if it determined by the agreement).
- d) Lessee is also obliged to take care of leased land and immovable property. If during the lease transaction period, the leased property was damaged or destroyed due to lessee, he/she will be obliged to reimburse the value of the damage or to repair and restore it up to its initial condition.
- e) Observe all the terms of the agreement, fulfilling of which is the responsibility of a lessee.

Note: When entering into a lease agreement, lessee has to pay attention to the terms of the agreement and preliminarily determine them in order to avoid complications and problems with the lessor while using the property.

In what case can the lease agreement be annulled?

Existing lease agreement can be annulled (terminated):

- a) If the lease term has expired and none of the parties request its prolongation.
- b) Upon the agreement of the parties.
- c) If any of the parties violate terms of lease agreement crudely.
- d) Parties can terminate the lease agreement unilaterally if more than 10 years have passed since concluding the agreement.

6.1 Lease of Agricultural Land Existing in State Ownership

Who issues in lease and leases out the state-owned agricultural land?

State-owned agricultural land is issued in lease by permanent lease commission existing within the local government rayonal (city) body authorized by the state. Leasing of each agricultural land parcel takes place in the rayon or city where the specific agricultural parcel is located. As we mentioned before, leasing matters are resolved only by the commission.

In state-owned agricultural land lease process, “lessor” can only be the commission of local government rayonal (city) body, which is authorized by the state while the “lessee” or person receiving agricultural land into lease can be any person who will maintain agricultural activities on leased agricultural parcel or parcels.

What is the duration of lease agreement for state-owned agricultural land parcels?

According to the Presidential Decree # 446, maximal term for agricultural land lease is 49 years, while the minimal lease term for agricultural lands is not determined. In this case, the Civil Code norm is applies, according to which the term shall not be less than one year.

Pursuant to which Normative Acts is the lease of state-owned agricultural land fulfilled?

Issues of lease of state-owned agricultural lands are regulated by the Georgian President's Decree # 446, of August 2, 1998. Certain norms may be regulated by relevant chapters of the Civil Code (lease, lease of agricultural land, etc.)

What is the form of leasing out agricultural land existing in state ownership?

The form of leasing of state-owned agricultural land is a tender, in particular:

If only one person/entity is registered as an applicant for the lease of land, lease is issued without a tender.

In all other cases, agricultural land existing in state ownership is transferred to persons and legal entities in lease only through the tender. There are two forms of tenders: commercial and non-commercial tenders.

A commercial tender is a tender, when the winner has to satisfy all tender terms and offer the maximum lease rent. It should also be noted here that the initial price of the lease payment should not be less than the tax on agricultural land determined by the Tax Code (in accordance with Subpoint "c" Point 2, Chapter VIII of the Provision on the Rule for Leasing Out Agricultural Land Existing in State Ownership, approved by the Georgian President's Decree No.446, of August 2, 1998).

A non-commercial tender is a tender when the winner is submits the best business-plan. Here also, the initial price of the lease rent should not be less than the tax on agricultural land determined by the Tax Code.

Form and terms of tender are determined by the commission, upon agreement with the relevant bodies of local governance.

You can find the details on procedures of identifying the winner in both commercial and non-commercial tender in the Provision on the Rule for Leasing Out Agricultural Land Existing in State Ownership, approved by the Georgian President's Decree # 446.

You can find the information on leases locally, at the rayon (town) lease commission building. All information existing in the commission is public and should be accessible for any person.

How is the state owned agricultural land lease processed?

Tender winner – "lessee" and the lessor – the lease commission (in this case the state is represented by the "lease commission") enter into an agreement in compliance with the Civil Code and in accordance with the typical written form, compiled by the Ministry of Agriculture.

The agreement must describe the inventory of the property to be leased, which should include the physical characteristics (area) of the land and property related to it, their quantity and condition of the real estate. Also, it should include the address or exact description of the land's location, amount of the lease rent, agreement on the land tax payment (who is paying it?), terms of payment and other types of terms. This document also describes all those terms that were defined for the "lessor" and the "lessee" in the lease agreement. (See the agreement form in Point 8)

What does the lessee pay for state-owned agricultural land?

On state-owned land the lessee, apart from the lease rent, pays the land tax.

The amount of the lease rent should be no less than the land tax established for the specific rayon (town).

Note:

This current norm contradicts Article 597 of the Civil Code of Georgia, in which it is determined that the landowner pays the land tax on agricultural land, while the lessee pays the lease rent.

What privileges and restrictions are established when taking state-owned agricultural land into lease?

The state, when leasing the land existing in its ownership, has established a range of restrictions and privileges (during equality), namely

Privileges are rewarded to:

- a. The potential lessee who is funded from the state budget (agricultural enterprises of the legal entities and persons of public law existing on territory of the village).
- b. Those projects of land lease agreements, which are aimed at carrying out the social, economic, environment protection measures for the village (rayon), as well as for effective establishing of modern technologies, agrotechnics and other similar purposes.
- c. The owners, “lessees” of the buildings and constructions (also including those of agricultural purposes) located on the leased land parcels.

Restrictions:

Agricultural land cannot be fragmented.

Typical form of lease agreement for the state-owned agricultural land

Lease Agreement on state-owned agricultural land

_____ Year of _____

Lessor

Rayon (City) Gamgeoba Mayor's Office

_____ Name
(Position and Name)

Lessor on one side (Hereinafter the Lessor) and

(Name of the legal person, address or name and surname of a physical person

Home Address

Name of Lessee, on the other hand (hereinafter the lessee) -----

Name and surname of a lessee or their authorized representatives

----- based on a Regulation # _____ of date
_____ issued by rayon, (city) gamgeoba, mayor's office

enter into an agreement on the following:

I. Purpose of the Agreement

1. Lessor issues and the lessee leases out the agricultural land parcel, the area of which is _____ ha and other lease objects as listed in the lease land plan and protocol of the explication and description of lease objects.

Purpose of the lease land and other lease objects is defined in the lease object plan, the protocol of explication and description of lease objects and the lease land can be used pursuant to the special regime of usage.

2. Term of the agreement is _____ and shall be effective as of the registration of the agreement by land management service of _____ (Name of the rayon or city)

2. Lease objects shall be transferred to the lessee in the conditions and quantities as described in lease land plan and protocol of description of lease objects (property) within _____ days after registration of lease agreement.

2. Lease rent

1. Lease rent for use of leased land amounts to GEL _____ per year

(Write the amount in words)

2. Lease rent for use of other objects (other than land) amounts to GEL _____

per year

(Write the amount in words)

3. _____ amount of percent of annual land lease rent is deposited on the lessor's account # _____

until _____ (date) of each year.

The rest of the annual land lease is deposited until _____ (date) of each year.

4. For using other objects of the lease (except for land), _____ amount of percent of annual rent indicated in Point 2 of the Article is deposited on the bank account # _____ of a lease object owner once in every six months or in every quarter within 15 days after the end of a reporting period.

5. land lease rent may change by the Georgian legislation and if indicated by the agreement.

Other lease objects (except for land) may change under the agreement between the owner and the lessee.

3. Rights and Responsibilities of a Lessee

1. Lessee has the right to:

a. Use the lease objects purposely;

- a. The lease land is the main source for living for the lessee;
- b. Lease land is vitally important for maintaining farming and the expiry of the lease is going to be so harmful and painful for the lessee (his/her family) that it has no justification even from the lessor's interests.

7. Transfer the lease right to a spouse or a sibling. Renew the agreement if the lessor agrees. Use the privileged right of purchase for other lease objects (other than land) or transfer this right to the spouse or siblings, unless the lease objects are sold to the lessor, their family members or other state or community purposes.

8. Request termination of the agreement, if:

- a) The lessor fails to meet terms of the agreement to repair lease objects, or provide other resources or services;
- b) The lease land parcel or other lease objects become useless and if the lessee is not responsible for it;
- c) The lessee becomes disabled and if he/she is imprisoned and is sanctioned to other penalty because of which he/she cannot meet the agreement terms.

9. Request receiving of lease objects within the deadlines indicated in Point 3 of Chapter I and in case of failure, request compensation of damage caused from this delay or request termination of agreement due to incompliance with agreement terms.

10. Other rights of the lessee that are not in conflict with the Civil Code of Georgia.

11. The Lessee is obliged to:

- a. Use land, perennials and other lease objects for their purpose and comply with the special usage regime pursuant to this agreement;
- b. Fix or compensate the damage caused to fertile layer of land, roads, canals, irrigation channels, and fences if this damage happens during the lease period and is not caused by the natural disaster and if this damage is confirmed by the protocol of description and facts;
- c. Transfer the constructions and building to the lessor with the right to build and return the premises in compliance with description protocol and Point 5 of this agreement;
- d. Pay the lease rent and expenses for description protocol, lease land plan and registration;
- e. Build constructions indicated in Point d, Chapter 3 of this agreement under consultations with agencies of land arrangement, agriculture, fire station, sanitary, environment protection, etc.
- f. Pay the lease rent and the profit gained from using the lease units: a) prior expiry of the lease; b) during the lease year, if gaining profit is impossible until the end of the lease year.
- g. Compensate the damage caused to the land and lease units as required by Georgian legislation;
- h. Notify the lessor on expiry of the lease term or termination of the lease.

12. Other obligations of the lessee that do not contradict the Civil Code of Georgia.

4. Rights and Obligations of a Lessor

1. Lessor has the right to:

a. Take a look at the leased area under the prior notification of the lessee about the visit;

b. Repair the premises and equipment if they broke independently from the lessee and unless otherwise regulated by Point 4, Chapter IV of this agreement;

c. Terminate the lease agreement, if the lessee:

- does not use the lease objects with their purpose and violates the requirements of this agreement;
- purposely and intentionally damages the lease objects;
- fails to pay the lease rent within three months after the term established by this agreement expires;
- fails to fix the objects as regulated by Point 6 of this agreement;

d. To renew the agreement keeping the terms of this agreement or changing them under the consultations with the lessee or refuse renewal of this agreement after the expiry date;

e. Inform the lessee about giving the lease to another person one year prior the expiry of the agreement, terminate the agreement and request final settlement.

f. Request and change the rent prior the date indicated in Point 2.5 of this agreement with the consent of the lessee in case the land tax, and other state fees change.

g. Other rights of the lessor that do not contradict the Civil Code of Georgia.

2. Lessor is obliged to:

a. Transfer the lease unit to the lessee within the dates indicated in Point 3 of Chapter I, in the conditions as described in land plan and description protocol;

b. In case of death of a lessee, transfer the rights and obligations regulated by this agreement to the heir of a lessee if the latter agrees and unless otherwise regulated by the agreement;

c. Compensate the moneys to the lessee indicated in Item d, Point 1 of Chapter III and Points 4 and 5 of this agreement on the expense of reducing the lease rent;

d. Notify the lessee in writing about unilateral termination of the agreement, also about termination of agreement due to the expiry of the lease term.

3. Other obligations of the lessor that do not contradict the Civil Code of Georgia.

4. Terms of returning the lease objects -----

Detailed description of every term

In case of need, Item G, Point I of Chapter IV and Point 3 may be presented in a separate appendix.

5. Terms of repairing and improving lease objects -----

(Specific and detailed description of terms)

6. Terms of use or redeeming other lease objects (except for land) are regulated by the Provision on Issuance of State Property in Lease.

7. Responsibility of Parties:

- a. In case of failure to pay lease rent within the deadlines indicated in this agreement, lessee pays the fine equal to 0.15 percent of unpaid amount per unpaid day. After three months of non-payment, the agreement shall be considered as annulled;
- b. Sanctions for incompliance with other terms are determined by Georgian legislation and this agreement.

8. Disputable issues:

Disputes rising from compliance and change of lease terms or termination of the agreement are solved through the Court.

This agreement is made in two copies and the first is given to the lessee

(Complete name and address of a legal person; complete name, surname and address of a physical person)

The second copy is kept by the lessor -----

(Name and surname of a head of the land management rayon (city) service)

In case of need, Points 5 and 6 of Chapter IV may be presented in a separate appendix.

Appendixes:

1. Plan of leased land parcel(s) and explication;
2. Protocol of lease object description;
3. Description of land parcels that can be used in special regime;
4. Permit for lease out land parcel(s);
5. Consent to lease land parcel(s);
6. Other important attachments (if needed)

Lessor _____

(Name of the administrative body of a rayon (city), positions of a authorized person)

(Name, surname and passport data)

Seal

(signature)

Lessee

(name of a company, organization, institution or name and surname of an authorized person,
and passport data)

(Name and surname)

(signature)

Agreement # _____

Is registered

(Name of land cadastre and resources service of a rayon (city))

(position, name and surname)

Seal

(Name and surname)

(Signature)

Date _____

6.2 Lease of agricultural land existing in private ownership

What is the lease of land existing in private ownership (of person and legal entity)?

Agricultural land existing in ownership (which is registered in the Public Register) of person or legal entity can also be leased. Such land parcels can be received by persons through inheritance, agricultural land reform, or can also have been purchased.

Who can be the parties of privately owned agricultural land lease?

According to current legislation, owner of agricultural land can only be a citizen of Georgia, consequently in our case the “lessor” can only be a citizen of Georgia, a household or a legal entity registered in Georgia, plus the Georgian state.

The “lessee” or the taker of agricultural land into lease can be any person or entity, but they must conduct agricultural activities on the agricultural land parcel (or parcels) taken into lease.

What is the term of agricultural land lease existing in private ownership?

Maximal time term for lease of agricultural land is not restricted by the Civil Code (in this case lease relations are made between private persons). Specific term of the lease may be determined based on mutual agreement between parties, or not be agreed at all (agreement without a fixed term). Minimal time term is determined by the Civil Code and it must not be less than one year. However, it is possible for the lease agreement to be terminated before expiry of the term. For that parties have to agree in a written form (Article 606.12).

How is lease on agricultural land existing in private ownership processed?

If parties agree between themselves to process a lease agreement in written form and to make their agreement legal:

The “lessor” (owner) must confirm that the land and other real estate related to it is in his/her ownership. For that, he has to obtain at the registration office of the relevant rayon (city) an Extract from the Registration Card and after that, together with the “lessee”, notarize the lease agreement. Of course, agreement on lease of land and real estate must reflect the information about the parties; area of the land and real estate to be leased out; address and registration number of the real estate; amount of the lease rent (in GEL); form and conditions of lease rent payment. The agreement must reflect all those terms, on which the parties agree and which must be fulfilled for the lease transaction to be valid.

Parties of the land and real estate lease sign the agreement in presence of the notary. The notary confirms identity of the signatories, authority of representation of the parties, their capability and legal accuracy of the agreement language. Notary service expenses are compensated by one of the parties (or by both), based on agreement.

After registration in the Public Registry, the “lessee” must receive an Extract from the Public Registry, or a registration certificate, which confirm the fact of state registration of the lease right.

What rights should exist on agricultural land to lease it?

In order to encumber agricultural land with a lease (both in case of private and state ownership) it is necessary for the land parcel to be in ownership of the owner (“lessor”). Also, it must not be under lien and must be registered at the registration office of that rayon (city), where the land parcel is located.

What are the expenses related to leasing land?

During leasing of agricultural land and real estate related to it, the “lessee” has to pay the tax on property transfer, envisaged by the Tax Code of Georgia. The tax is 2% of the total amount of the lease rent envisaged to be paid by the lease agreement, plus the notary services tariff. (The tariff amount varies and depends on the amount of the fee plus 20% VAT).

Agreement on lease of agricultural land and related real estate, within 30 days as of its notarization, must be registered in the land (real estate) Public Registry. The right of the “lessee” is valid only as of the moment of registration of the lease agreement in the Public Registry. At the registration office, the parties (mainly the “lessee”) have to submit a notarized agreement on lease of land and real estate. For registration of the lease right, the “lessee” has to pay the registration fee in the amount of GEL 7.

How is the lease rent calculated?

Lease rent of agricultural land existing in ownership of individuals and legal persons of private law is determined through negotiations of the parties, the lease rent has to be determined in the lease agreement.

Who pays the agricultural land lease rent and land tax?

In case of lease of land existing in private ownership, lease rent is paid by the “lessee” and the land tax is paid by the “lessor”, unless otherwise envisaged by the agreement.

Typical Form of Lease Agreement on Privately-owned Agricultural
Land

Agreement #

_____ on lease of privately-owned
agricultural land

1. Parties of the agreement

_____ (hereinafter the lessor) and _____ (hereinafter the lessee) enter into an agreement to leasing agricultural land (hereinafter the agreement) which defines rights and obligations of parties

2. Legal basis of the agreement

Legal basis of this agreement is the Georgian Consitution, Civil Code of Georgia, and Law of Georgia on Land Registration

3. Agreement Subject

3.1.

_____, lessor transferred the land parcels to the lessee, the total area of which is _____ ha, and is located at the following address:

3.2. Location, space and boundaries of the land parcel to be leased is indicated in the attached plan.

3.3. Prior and after the lease relations, parties together describe the land and record the conditions in the property description protocol, attached to the agreement.

4. Lease rent and payment

4.1. For use of the leased land, lessee pays the lease rent to the lessor.

4.2. Total amount of lease rent amount to _____ () GEL a year.

4.3. Rent for use of land and other objects is paid once a year in the amount of _____ GEL. Lease rent is paid before December 1 of every year.

4.4 Amount of rent for use of land and other objects may be altered through negotiation by the parties.

5. Term of the Agreement

5.1. Land shall be leased by this agreement for the term of _____ year(s). The agreement becomes effective as of its notarization and registration in the Public Register.

5.2. Term of agreement may be prolonged if the lessee addresses the lessor in writing no later than two months before the expiry day. The term will continue if the lessor consents to the request.

6. Rights and obligations of parties

6.1 Lessor is obliged to:

6.1. Prepare documentation needed for the lease;

6.1.2. Register the lease in Public Register;

6.1.3. Facilitate the lessee to use the leased land;

6.2. Lessor has the right to:

6.2.1 To visit the leased land during the lease agreement period for inspection;

6.2.2. Request from the lessee to submit with the Public Register the document established by legislation.

6.2.3. Request termination of the agreement, if:

- the lessee violated agreement terms;
- the lessee damages the leased land and property purposely or intentionally.

6.3. Lessee is obliged to:

6.3.1. Receive the lease land and use it purposely.

Use land, perennials and other lease objects purposely and comply with the special usage regime pursuant to this agreement;

Fix or compensate the damage caused to fertile layer of land, roads, canals, irrigation channels, and fences if this damage happens during the lease period and is not caused by the natural disaster and if this damage is confirmed by the protocol of description and facts;

6.3.2. Avoid conduction of illegal activities on the property;

6.3.3. Compensate the lessor the damage if the conditions deteriorate;

6.3.4. Maintain the property and allow the lessor to visit the property;

6.3.5. Pay the lease rent as established in the agreement;

6.3.6. Survey the land parcel after the expiry of agreement and bring the property to initial conditions;

6.3.7. The lessee cannot sublease the leased property without the lessor's consent;

6.4. Lessee has the right to:

6.4.1. Under the lessor's consent, install the equipment and machinery needed for his activities;

6.4.2. Under the lessor's consent, build or fix farming, living or other temporary premises in compliance with the established rules;

6.4.3. Plant or remove perennials;

6.4.4. Build or fix the roads, canals, drainage channels, fences or other activities aimed at improving land use, under the lessor's consent;

6.4.5. Require compensation of expenses spent on improvements listed in Point 6.4.1. 6.4.2. 6.4.3. 6.4.4. that will be confirmed in the lease object description protocol after the expiry date.

6.4.6. Sublease the leased land;

6.4.7. Request termination of agreement before its term, if the leased parcel became useless due to reasons unrelated to the lessee.

7. Disposition, subleasing and mortgage of lease rights

7.1. Lessee has the right to completely dispose of the lease right if agreed with the lessor.

7.2. Lessee has the right to sublease the leased land or its part if agreed with the lessor

7.3. In case of sublease, lessee and lessor retain their responsibilities.

7.4. Lessee has the right to mortgage the leased land in compliance with established rule if agreed with the lessor.

8. Termination of Agreement before its Term

8.1. Agreement may be terminated:

8.1.1. Through mutual agreement;

8.1.2. Due to violation of agreement terms of either party;

8.2. Lessor may terminate the agreement if the lessee does not pay the lease rent for three months.

8.3. In order to terminate the agreement before its term, Lessor should notify the lessee in writing about any kind of violations and give the 30 days to fix the violation.

8.4. Lessor can terminate the agreement if the lessee returns the property before the lease term expires. Lessee has to notify the lessor one month prior the return and will be exempted from payment of rent. Also the lessee has to recommend another lessee capable of payment. A new lessee should agree to receive the agreement with the same terms. If the initial lessee cannot find a replacement lessee, he has to continue paying the lease rent to the end of the term.

8.5 Lessee may terminate the agreement if land becomes useless due to reasons unconnected to lessee's activities.

9. Rule of return of property after expiry of lease term

9.1. After expiry of lease term or if case of termination of agreement pursuant to Article 8 of this agreement, lease land will be transferred based on the description protocol in the form as established in Point 3 of Article 3 of this agreement.

9.2. If a lessee does not return the property after the expiry of agreement, the lessor can request continuation of payment of the rent for the delay. Lessor may request compensation for other kind of damage as well.

10. Change of terms of agreement

Any kind of changes to this agreement should be made under the written notarized consent of both parties. These changes will be effective as of their registration in Public Registry.

11. Force majeure

11.1. Parties are not held responsible for incompliance with obligations of this agreement if the incompliance is caused by the circumstances uncontrolled by them.

11.2. If force majeure circumstances substantially complicated or damaged work of lessee or lessor, they are authorized to request termination of lease agreement.

12. Disputable issues

12.1. Parties solve any disputable issues related to the lease through negotiations.

12.2. In case of failure to negotiate, parties solve the dispute through the Court.

13. Other terms of the agreement

13.1. The agreement is made in Georgian in two copies and both of them have the same legal power.

13.2. Protocol of lease land description is attached as an appendix. This appendix is inseparable part of this agreement.

14. Requisites of Parties

Lessor: _____
Address: _____
Signature: _____

Lessee: _____
Address: _____
Signature: _____

7. The use of real estate (rental, superficies, usufruct, servitude)

What is a rental?

Rental – under the rental contract, the lessor gives the item into the use of the lessee for the defined period of time. The lessee is responsible to pay to the lessor the agreed rent. The term for termination of the rental contract is 3 (three) months. The property is transferred into the use of the lessee under the certain predetermined conditions and liabilities.

What is superficies?

Superficies or the right to build – the land can be given to another party with the right to build any facilities above or under this land, also with the possibility to alienate, mortgage, devolve, lend or rent this right.

What is usufruct?

Usufruct – the immovable thing can be transmitted into use of another party with the entitlement to enjoy the right of ownership, but without the right to alienate, mortgage or devolve the property. For rental or lease of this thing the owner's agreement is required.

What is servitude?

Servitude – the land or other real property can be used in favor of the owner so that the owner has the right to make use of the land, or the performance of certain actions on the land may be forbidden, or the owner of the land may be restricted from exercising certain rights against other plots of land.

What is necessary for conclusion of a contract of use?

The transaction cannot be completed if the land is not initially registered in the Public Register. Therefore, for the transmission of property into possession in any form it must be primarily registered in the Public Register. If the property is registered in the Public Register, the owner must apply to the public registration office to obtain the extract from the Public Register.

If the property is a joint property (co-ownership), written consents of each co-owner are needed to conclude the contract of use verified by the notary.

When the property is transmitted into use by a legal entity, the record of the meeting of the superior bodies is required verified by the notary. This document should clearly state the decision to transmit the real property into use.

What documents should be submitted with the notary?

In order to process the use agreement, parties must present to the notary the following documents:

1. The extract from the Public Register (if the property is not registered in the Public Register, its initial registration is required);
2. The contract of use can be presented to the notary ready or the notary may propose a typical form of the contract prepared by him;
3. Written consent of co-owners (verified by the notary) in case of joint ownership;

4. The record of the meeting of the governing body of the legal entity verified by the notary (in case of a legal entity);
5. A document certifying the registration of a legal entity by the Court or the Ministry of Justice;
6. An extract from the Entrepreneurial Register in case of an individual enterprise;
7. In case of servitude or transmission of the part of the land into use, the drawing (map) of the land with indication of the contours of the space to be disposed shall be needed. The plan should be prepared by a surveying firm or a topographer based on the cadastral map (the cost of the cadastral map is 2 GEL, and it is issued within 10 days).

The notary verifies the accuracy of the submitted documents, the intention of the transaction, legal capacity of the parties and gives them the right to sign the agreement. The parties or their authorized persons (by the power of attorney) have the right to sign the contract. After the contract is signed by the parties and the notarization fee is paid, the contract is authenticated by the notary.

Note:

In case of usufruct and servitude, the agreement might not be required. An appropriate state act (an order, statement, decree or decision) can be applicable.

For authentication of the contract of use, the notarization fee must be paid. According to the Law, the fee is paid by the beneficiary, however, under the agreement of the parties it can be paid by the owner.

Under the rental or lease contract, the beneficiary is responsible to pay the real estate transmission tax.

The following are exempt from the real-estate transmission tax:

- a) the rental or lease contract concluded for less than a year;
- b) transmission of property to a spouse, parent or child;
- c) transmission of property gratuitously to the State, or state-owned, charitable or religious organizations.

What documents should be presented for registration of the right of use in the Public Register?

The receiver of the real estate into use must submit the following documents to the Land Management Agency:

1. The application of a physical or legal entity for registration in the Public Register, which is filled out in the registration office of the Land Management Agency;
2. The contract of use or an appropriate state act (an order, statement, decree or decision) verified by the notary;
3. In case of servitude or transmission of the part of the land into use, the drawing (map) of the land is additionally required;
4. In case of a physical entity, a copy of an identification card or a passport;
5. In case of a legal entity, a certificate of registration in the Court or the Ministry of Justice;
6. In case of an individual enterprise, an extract from the Entrepreneurial Register;
7. Receipt certifying the payment of the real estate transmission tax;
8. Receipt of the fixed fee for registration of the right of use of the real estate (7 GEL).

8. Management and Administration of Non-agricultural land

What kind of lands are non-agricultural?

Land that is not used for agricultural purposes is considered non-agricultural. Non-agricultural land is the land occupied by enterprises, institutions, organization buildings and residential houses. Also, urban areas, forest territories, roads, squares, and parks are located on non-agricultural lands. Rules of administering and managing non-agricultural land is completely different from the agricultural land management.

The state does not sell agricultural lands, or forest fund lands, while the state sells non-agricultural lands through auctions and direct sales. The Law of Georgia On Management and Sale of State-Owned Non-Agricultural Land regulates the issues related to sale of non-agricultural lands.

Can Self-Governances Sell Non-Agricultural Lands?

Pursuant to the organic Law of Georgia On Local Self-Governance and Governance and the Law On Management and Sale of State-Owned Non-Agricultural Land, local governance bodies of respective rayons (cities) make decisions on management and transfers of state-owned non-agricultural lands.

Local governances of rayons (cities) have created the Commissions of Management and Administration of Non-Agricultural/Farming Lands which are in charge of transferring such lands in ownership or use.

According to current legislation, local self-governances are not authorized to sell state-owned agricultural lands. Although, they can participate in the activities of Land Administration Commission, where they enjoy one voting right.

How Does the State Sell Non-agricultural Lands?

State sells non-agricultural lands through tenders, auctions or direct sale.

Land Administration Commission organizes the tenders and auction, while the President of Georgia decides the issue of direct sale.

What is the Normative Price for Non-agricultural Lands?

Representative body of local governance establishes the normative selling price of non-agricultural land before February 1 of each year.

One of the criteria for establishing the normative price of non-agricultural land is given in Article 215 of the Tax Code of Georgia, which regulates that the base rate of annual tax for non-agricultural land amounts to GEL 0.24. This is the formula for calculating normative price of 1 square meter of land

$C_N = I_{MG} \times I_{TL} \times C \times K$, where:

C_N is the normative price of non-agricultural land

I_{MG} is the index of macro location of a respective town (rayon)

I_{TL} is logical territorial index

C is base rate of land tax – 0.24

K is regulating coefficient of land normative price established by the rayon (city) local governance and the minimal amount of which is 20.

For example: if logical territorial index for Kutaisi is 1.0, and macro location index is 0.40, normative price for non-agricultural land in Baghdati will be ($C_N = 0.40 \times 1.0 \times 0.24 \times 20 = 1.92$) GEL 1.92.

It should be noted that the normative price of land in lowland villages amounts to 50% of normative price, while in residential areas, the land price is 25% of established normative price.

What is the form of issuance of non-agricultural land?

State-owned non-agricultural land can be leased. The authorized body to lease out such lands is the rayon (city) local governance body – Gamgeoba. Land Administration Commissions are responsible to organize tenders and auctions for providing leases.

How is the non-agricultural land lease rent calculated?

Rent for non-agricultural land is calculated pursuant to macro location indexes of towns (rayons), territorial zones, normative price of state-owned non-agricultural lands, or annual lease rent determination method. Annual lease rent is calculated for each square meter with the following formula:

$C_N = I_{MG} \times I_{TL} \times C \times K$, where:

C_N is the annual lease rent of non-agricultural land

I_{MG} is the index of macro location of a respective town (rayon)

I_{TL} is logical territorial index

C is base rate of land tax – 0.24

K is regulating coefficient of land lease rent established by the rayon (city) local governance and the minimal amount of which is 2.

For example: if logical territorial index for Tskaltubo is 1.0, and macro location index is 0.57, annual lease rent for each 1sq. meter of land in Tskhaltubo will be ($C_N = 0.57 \times 1.0 \times 0.24 \times 2 = 0,2736$) GEL 0,2736.

It should be noted that annual lease rent in lowland villages amounts to 50% of established rent, while in residential areas it amounts to 25% of established rent.

Does a non agricultural land lessee pay taxes?

Pursuant to the Law of Georgia on Management and Administration of State-Owned Non-Agricultural Lands, payment of lease rent does not exempt the lessee from payment of taxes as established in the Tax Code of Georgia. The lessee pays the lease rent as well as land tax.

How much is the land tax for non-agricultural land?

The Tax Code of Georgia determines the land tax for non agricultural land and its base rate annually amounts to GEL 0.24. Unlike the agricultural lands, the land tax for non agricultural land is paid per square meter.

To calculate land tax for non agricultural land, you should multiply the base rate on logical territorial coefficient and on space of a parcel. Land tax is annually approved by the local rayon (city) self-governance bodies.

What is the maximum lease term for state owned non-agricultural land?

Duration (term) of lease of non agricultural land should not exceed 99 years.

In case of auctions, lease term is determined by the rayon (city) governance bodies, while in all other case, through negotiation by lessee and lessor. The lease term should necessarily be indicated in lease agreement.

Chapter IX

Mediation and Private Arbitration

“No matter how rich the country is in nature, if your and my rights, that is human rights are vaguely defined and are not clearly determined, the welfare and success of people are hindered and regressed.

Ilia Chavchavadze

Life and Law

1. General Information about Alternative Dispute Resolution Systems

State property privatization, reforms in bank systems, currency and land areas, and other economic changes carried out in Georgia, created a big layer of private owners and entrepreneurs, starting a basis for new market economy relations.

The number of disputes between entrepreneurs and owners increased in parallel with the formation of private interests in the real estate, land, and entrepreneurship. Since there are no alternative ways of dispute resolution, number of court cases increased and the courts became overloaded.

At present, it is necessary to put in place an alternative dispute resolution system that would give an opportunity to private persons to solve their disputes much quicker and at a lower cost.

In What Kind of Disputes may Landowners and Entrepreneurs be Involved?

There has always been and still is a wide variety of disputes between proprietors. We can differentiate two main types of disputes: problems that proprietors have while dealing with state institutions and disputes between private owners.

Disputes Between Private Persons and State Institutions

The government institutions allowed many deficiencies during the land reform implementation and its management process in general. Violation of citizens' rights still takes place sometimes due to the lack of knowledge of legal requirements and often due to some private interests involved. Proprietors trying to preserve their rights on the land owned or used by them, face problems while dealing with different state institutions. Such government institution is first of all the State Department of Land Management and its rayon offices, also sakrebulo management, land reform commissions, regional governments, technical inventory bureaus, tax services, etc.

Besides the above stated circumstances, the State as a legal entity and subject of the private law can establish ordinary civil relations with citizens. E.g.: the State can become a lessee of buildings and structures owned by a private entity or physical person. The State and a physical person can sign a contract on services or a sale and purchase agreement (e.g.: the State can sign an agreement with a peasant regarding

the purchase of crops). Therefore, a dispute might arise between them if for example, the State failed to pay the contractual amount to the owner or vice versa – the peasant failed to fulfill the contractual obligations regarding the quality and quantity of the product. Such disputes can be solved through mediation or arbitration and the precedents of this already exist.

Disputes Between Private Owners (Entrepreneurs)

There is a wide variety of disputes between proprietors (entrepreneurs). These disputes usually arise from agreements (e.g.: sale and purchase, lease, loan, supply etc) or inflicted damages (delict).

The magnitude of disputes also varies. A dispute might be regarding some minor issues where small amounts of money are involved, such as building borders between two adjacent land plots. Although there are some disputes involving several hundred GEL, e.g.: a dispute between a large company and a bank on loan agreement violation. In any case, a quick dispute resolution is extremely important because every additional day might inflict irrevocable damages on one of the parties.

Ways of Dispute Resolution

In reality there are two ways of sorting out a dispute: one is through the state institutions, court being the most important one among them. There are also some other alternative dispute resolution systems from which we would like to single out the mediation and arbitration.

Dispute resolution process in court is a long and complicated one. Therefore, it is often rather inconvenient for the disputing parties to go to courts. Alternative ways of dispute resolution are more effective. This is exactly the issue covered by the next chapter.

2. Historical Preview

The history of alternative dispute resolution systems is rather long. It is considered that a mediation system has been formed long before the state justice systems.

From the ancient times alternative dispute resolution systems existed in Georgia too. One of the examples is an old Georgian word “Bche” (“bWe” derived from the word “bWoba” “council”). According to Nicko Chubinishvili’s dictionary, the word means “person selected by disputing parties to make judgment regarding a dispute”. Explanatory dictionaries of Georgian words give the same definitions.

This term has the same meaning in old Georgian manuscripts too. In an ancient manuscript Leonti Mroveli wrote about mediators saying that governor of Mtskheta was the most “respectable” person “acting as a mediator of disputes”. The same author wrote that the mediation system existed even before the King Parnavazi. The system was established during the class society formation.

The same kind of dispute resolution system existed at the court of the King Vakhtang VI etc.

Mediation / arbitration systems existed in different regions of Georgia. In Kartli and Kakheti, mediation courts played a significant role and were effective bodies that sometimes solved disputes that the state was unable to sort out. It must be noted that the mediation court reviewed only civil disputes (except for some rare cases) and the its main function was to help parties achieve agreement through negotiation. It is also notable that in majority cases the mediators were designated by the parties.

Moreover, there were people in villages who acted as village judges. Nobody assigned that title to such people but these were the people respected by the local population and sometimes the government instructed them to act as mediators. These persons were known for their fairness and unbiased judgment. Therefore, their decisions were recognized by the local and central government bodies. Sometimes, the government included village mediators into the state mediation systems or state courts because they were knowledgeable and made serious impact on the court decisions.

The mediation/arbitration system was a very widespread one in the mountainous regions. E.g.: It is known that in Khevsureti mediators reviewed even criminal cases. The mediators were selected by the parties. The purpose of the mediation system was to resolve disputes and convince the parties to come to a consensus.

In Svaneti mediators were called “Morve” or “Morvar”. They reviewed almost all kinds of disputes. They were appointed by the parties and their number depended on the nature of the dispute. Selected “Morvars” elected a chairman - more experienced people with better knowledge of the law and traditions. They were called “Mutsevari” or “Nensgashmegn” and their vote was a decisive one.

There were also other types of arbitration and mediation systems in the Georgian regions such as “Elderly Councils” called “Khevisberi”, “Makhvshebi”, who were not state authorities but sorted out disputes using arbitration/mediation methods. In Svaneti there is a museum where a mediator’s chair and wooden baton are kept. There are as many cuts on the baton as the number of disputes that he managed to solve.

It is well known that a great Georgian writer and public person Ilia Chavchavadze has been involved in mediation activities. After his return from St. Petersburg he worked as a judge in Mazra, in Dusheti region for a while. His wise and interesting solutions could even be used for guidance by contemporary arbitrators and mediators.

The Soviet period hindered the development of the alternative dispute resolution system. A dispute resolution system that would be separate and independent from the state turned out to be unacceptable for a regime that was absolutely intolerant toward any private activity. Consequently, the arbitration/mediation tradition was lost in Georgia. Although, it must be noted that mediation still took place occasionally. Namely, there were occasions when famous people were elected from the population to review disputes about territorial borders between villages. These mediators were entrusted to resolve the disputes using the arbitration methods. Thus, to some extent the tradition has been preserved, but today the dispute resolution systems have to be built from the very beginning.

3. Mediation

What is mediation and what are its benefits?

Mediation is a mechanism of solving a legal dispute by means of a third neutral party, in compliance with a special legal procedure, to help the disputing parties achieve consensus.

Conciliation (mediation) has the following benefits:

(These two terms have the same meaning and are used as synonyms in our text).

1. There is a high chance that the mistakes will be analyzed and acknowledged when the opponents meet;
2. The conciliation procedure is less stressful as compared to the court sessions and even arbitration;
3. During the mediation process, the parties work out their own solution in agreement with each other;
4. The conciliation procedure is less time-consuming and the cost is considerably lower than in case of a court case;
5. Mediation does not worsen the relations between the parties, on the contrary these relations are frequently improved;
6. Probability is high that the decisions will be actually implemented.

Moreover, one more advantage of mediation is that the parties are free to select a mediator. The parties have no obligation to submit evidence, experts' statements, call witnesses and carry out any similar procedural actions that are required in courts. There is no need to pay duties to the state or carry out other expenses. The parties save time because they set the final hearing date themselves.

A mediator must work out a procedure and help the parties to achieve a consensus. Unlike arbitration a mediator cannot make a decision that would be mandatory for the parties. It only helps the parties to achieve a consensus and sign an agreement. During the mediation process a mediator must leave all the personal feelings and preferences behind. If a mediator cannot overcome the emotions and other feelings regarding the case, he /she must refuse to act as mediator.

Information received during mediation is confidential and shall not be disclosed by any party involved. All the records made by a mediator shall be destroyed. A mediator is not authorized to disclose to the other party any information received from any party without the relevant permission. A mediator must not manipulate with the parties.

The parties have an obligation to follow the decisions made as a result of mediation. The decisions are formally recognized based on a legal contract. A failure to implement the mediation decision can be considered as civil violation by a court or arbitration. In this case the court will take into consideration the parties viewpoint of solving the dispute rather than fairness of the solution. Any party can withdraw from mediation during the process, while during court hearing or arbitration, at least an agreement of the other party is necessary for such a procedure.

4. Arbitration

What is an Arbitration?

A court is not the only way of solving disputes. Arbitration is an alternative mechanism of dispute resolution widely practiced in the civilized world.

Arbitration in its current form has been created during the Roman Emperor Justinian (482-565 A.D.). The Emperor conferred the same force to mediation decisions and public court decisions. A new stage of the private arbitration development started at the verge of the 18th and 19th centuries when a private arbitration became the only means of solving economic disputes. The first permanent arbitration was founded during the same period.

In the contemporary sense, an arbitration is a dispute resolution body that is not part of the state juridical system but the state's role is to enforce execution of arbitration decisions. In other words, an arbitration is an instrument of solving economic and civil disputes, when a decision is made by one or several physical persons selected by the parties, or a decision is made by the body that is not part of the public juridical system, but has the same authorization.

One of the main requirements for starting arbitration (unlike public courts) is Arbitration Agreement that must be signed between the parties either as a part of the main agreement or in the form of a separate agreement, stating that the parties agree to solve their dispute through Arbitration.

On April 17, 1997 the Parliament of Georgia passed a law "On Private Arbitration", thus creating a basis for developing new opportunities for arbitration in Georgia.

What kinds of arbitrations does the Georgian legislation establish?

In compliance with the law, an arbitration can be of two kinds:

1. **Permanent arbitration** that is formed in compliance with the law "On Entrepreneurs", has a Charter based on which it solves the disputes; and
2. **Special or temporary arbitration (so called ad hoc)** that is created specially for solving a particular dispute and is guided by the rules set by the parties, or in the absence of such, by its charter.

What are the advantages of arbitration as compared to common courts?

It is impossible to imagine the modern business world without arbitration. Due to its advantages, arbitration has practically no alternatives when commercial disputes need to be solved. The advantages of arbitration as compared to the public courts are as follows:

- For the majority of people, dispute resolution through public courts is rather unpleasant due to the duration, complicated procedures and a few other reasons;

- Dispute resolution through arbitrations is quicker than in courts. E.g.: In Georgia, it usually takes the court at least eighteen months to resolve a dispute in court at all the three levels, while the law gives an arbitration one month from the starting date of arbitration to make a decision, if there is no different agreement between the parties. It is almost impossible for a court to proceed as efficiently as arbitration;
- Delay often causes considerable expenses that could be avoided in case of dispute resolution by an arbitration;
- The parties must agree on the number of arbitrators and the rules of their appointment. The parties can select arbitrators themselves while in case of court hearings, this is not allowed by the law;
- The parties can determine the dispute resolution procedures, language, location, law etc. which is unimaginable in case of a court process;
- Arbitration is much cheaper, simple and affordable than the public justice system;
- If not otherwise agreed between the parties, arbitration process is closed for the public and the arbitrators have an obligation not to disclose received information. Contrary to this, public is ordinarily allowed to attend court sessions;
- A private arbitration allows the parties to achieve a compromise if they are willing to do so and demonstrate the initiative. Therefore, in case of arbitration there is more probability that the relations between the parties will not become worse and that a consensus will be achieved;
- Arbitration also provides an opportunity for mediation (conciliation). This can be very effectively used at the time when the parties still hope to continue their relations in future and both think that losing a partner will be more damaging than continuing the relations. In case of dispute resolution in court, the relations between the parties are usually terminated;
- It is rather difficult to appeal arbitration decision and thus there is only one level of arbitration. This is a considerable advantage compared to court procedures during which the cases usually move from one level to another.

Moreover, it must be noted that a decision made by arbitration is final and mandatory for compliance by the parties. If the parties fail to implement an arbitration decision voluntarily, it must be executed in compliance with the usual enforcement rules applied for execution of court decisions.

5. Community-Based Organizations as Temporary Private Arbiters

Community Unions can be viewed as potential mediators and temporary arbitrators. Community unions can (and must) take upon themselves the mediator's or arbitrator's functions in case if a dispute arises in a village or community. This will help the local population to sort out their problems without wasting time and efforts. This would also be restoration of old traditions. As we have already mentioned above, the tradition of using mediators existed in different Georgian regions from the ancient times, these people were called: "khevisberi", "makhvashi, "morvari" etc. In modern terms, these people were mediators and arbitrators of the particular village or community. They were respected by the population and resolved the local disputes.

From this point of view it is expedient to entrust local persons who are respected and well known for their honesty in their villages and communities to resolve disputes since their decisions will have not only legal but also moral force.

This function of arbiter of a community union will help communities (and not only communities) in timely, cheap and competent resolution of accumulated disputes, which will be very beneficial for improving economic relations and formation of healthy local legal, social and economic climates.

6. What are Arbitration Proceedings?

There are four main stages of an arbitration process.

These stages are:

- preliminary preparation,
- arbitration proceedings,
- arbitration decision,
- execution.

All these stages have specific features.

6.1 Preliminary Preparation

a. Filing Arbitration Case

A private arbitration can deal with civil disputes. This means that a private arbitration (hereinafter “Arbitration”) is not involved in solving disputes regulated under the administrative or criminal codes.

A relevant agreement (consent) between the disputing parties is necessary to allow an arbitration to review a dispute. It does not matter whether the agreement is made before or after the dispute has arisen, or whether the agreement is made separately or as a part of another contract. In case if such a provision exists in the contract, common courts no longer have a right to deal with the dispute.

An Arbitration Agreement must contain the following information: the place, time, disputed issue, names of the parties and their place of residence (address) and legal address, the claim of the first disputing party, the counter claim of the other party. An Arbitration Agreement can also have some other provisions (e.g.: number of arbitrators, timeframes for rejection of arbitrators, rules of their appointment, cost distribution etc.).

In case if there is no such agreement between the parties, they must sign a claim for the Arbitration specifying the disputed issue, addresses of the disputing parties and their willingness to have the dispute resolved through the particular Arbitration.

An example of Arbitration Agreement is given in *Appendix #1*.

b. Preparation of Preliminary Documents for Filing an Arbitration Case

After the Arbitration Agreement is signed, the entity that has received the Application/Arbitration Request from the disputing parties must issue an order (see Appendix # 2) containing the following information:

- information regarding the disputing parties, their address and other requisites;
- information regarding the disputed issue;
- information on appointing arbitrators;
- information on appointing a secretary.

One of the most important documents is the charter of the organization conducting private arbitration or charter of the temporary private arbitration specially formed to resolve this particular dispute. This Charter will determine such preliminary issues as:

- Governing law for the arbitration;
- General information and principles of selecting and appointing arbitrators and their authorization;
- Principles of communication between the arbitrators and the parties, confidentiality;
- Arbitration costs;
- General rules of arbitration etc.

See Appendix # 3 - " *Charter of a Temporary Arbitration* ".

First arbitration session must take place no later than within ten days upon appointment of all the arbitrators.

Arbitration fees and duties must be set in compliance with the charter. Arbitration fees are fixed amounts payable by all the disputing parties and used to cover arbitration costs such as cost of stationeries etc. Every arbitration has a right to establish both fees and duties through the charter.

6.2 Arbitration Proceedings

a) Arbitration Proceedings

Arbitration Secretary must send the Parties a notification. In return the parties must send a confirmation that they will attend the sessions (see Appendix # 4).

On the date of the arbitration session appointed in advance, the Chairman must open the session and inform the parties regarding the Arbitration panel. The arbitrators selected by the disputing parties and appointed by the Arbitration must fill in the "Arbitrator Form" specifying in detail the personal data and sign the statement that they are not government employees, also that they are not related to the disputing parties. (see *Appendix N 5* - "Arbitrator Form").

Before the proceedings start, the arbitrators enter the final information in the Agreement and finalize it.

After this, the Arbitration must review the case and study the documents submitted by the parties. In case of necessity, Arbitration has a right to invite specialists, demand

expert's opinion, interrogate witnesses and carry out other similar activities in compliance with the law and the Arbitration Charter.

If a party is avoiding attendance of arbitration sessions, an arbitration is authorized to review the case in the absence of such party and issue a decision.

Arbitration must issue its decision within one month. If more time is needed an Arbitration has a right to make a decision on extending the arbitration period based on valid arguments, specifying the objective reason for such a delay – e.g.: court, failure to attend a session by a party, death or any other force major situations or a request of the parties regarding the extension of the term.

6.3 Arbitration Decision

After reviewing the case and making a judgment, an Arbitration issues a decision.

An Arbitration decision must contain the following information: the place and time of the arbitration proceedings, the name of the organization that formed the temporary arbitration and the number and date of the Director's Order, data regarding the disputing parties, arbitration claim and counter claim, the arbitration decision, justification and motivation for this decision. (see *Appendix N 6 - "Arbitration Decision"*).

An arbitration decision must be signed by the both disputing parties and each arbitrator. The signature must be verified by a notary.

In case of a special temporary arbitration, all the original copies of arbitration records and files must be sent to the regional court and kept there. Also, one copy of each document must be sent to the disputing parties.

An example of a letter addressed to the court regarding storage of the arbitration documents is given in *Appendix N 7*.

The disputing parties have a right to come to an agreement at any time during the arbitration proceedings. In such case, the Arbitration shall terminate the proceedings and issue a decision in compliance with the Parties' agreement no later than within three (3) days.

6.4 Execution

Similar to a court decision, an arbitration decision can be executed voluntarily by a party (or parties) or its execution may be enforced. A voluntary implementation mechanism is simple and we will not explain it here. As for execution enforcement – arbitration decisions shall be enforced in compliance with the law of Georgia "On Execution Actions", similar to court decision enforcement.

In case of a failure by a party to implement the arbitration decision, the Arbitration Chairman is authorized to issue an Execution Form at the request of a party or at

his/her own initiative after which the decision is executed based on the enforcement rules.

6.5. How does the Private Arbitration Work in Georgia?

At present there are up to ten functioning arbitrations in Georgia. The majority of them work in Tbilisi and Kutaisi even though there are arbitrations that work in regions reviewing disputes related to real estate and immovable property, also some other civil disputes.

It must be noted that together with the development of the market economy relations in the country, the demand for private arbitration services is increasing.

Chapter IX

Mediation and Private Arbitration

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The government institutions allowed many deficiencies during the land reform implementation and its management process in general. Violation of citizens' rights still takes place sometimes due to the lack of knowledge of legal requirements and often due to some private interests involved. Proprietors trying to preserve their rights on the land owned or used by them, face problems while dealing with different state institutions. Such government institution is first of all the State Department of Land Management and its rayon offices, also sakrebulo management, land reform commissions, regional governments, technical inventory bureaus, tax services, etc.

Besides the above stated circumstances, the State as a legal entity and subject of the private law can establish ordinary civil relations with citizens. E.g.: the State can become a lessee of buildings and structures owned by a private entity or physical person. The State and a physical person can sign a contract on services or a sale and purchase agreement (e.g.: the State can sign an agreement with a peasant regarding

the purchase of crops). Therefore, a dispute might arise between them if for example, the State failed to pay the contractual amount to the owner or vice versa – the peasant failed to fulfill the contractual obligations regarding the quality and quantity of the product. Such disputes can be solved through mediation or arbitration and the precedents of this already exist.

Disputes Between Private Owners (Entrepreneurs)

There is a wide variety of disputes between proprietors (entrepreneurs). These disputes usually arise from agreements (e.g.: sale and purchase, lease, loan, supply etc) or inflicted damages (delict).

The magnitude of disputes also varies. A dispute might be regarding some minor issues where small amounts of money are involved, such as building borders between two adjacent land plots. Although there are some disputes involving several hundred GEL, e.g.: a dispute between a large company and a bank on loan agreement violation. In any case, a quick dispute resolution is extremely important because every additional day might inflict irrevocable damages on one of the parties.

Ways of Dispute Resolution

In reality there are two ways of sorting out a dispute: one is through the state institutions, court being the most important one among them. There are also some other alternative dispute resolution systems from which we would like to single out the mediation and arbitration.

Dispute resolution process in court is a long and complicated one. Therefore, it is often rather inconvenient for the disputing parties to go to courts. Alternative ways of dispute resolution are more effective. This is exactly the issue covered by the next chapter.

2. Historical Preview

The history of alternative dispute resolution systems is rather long. It is considered that a mediation system has been formed long before the state justice systems.

From the ancient times alternative dispute resolution systems existed in Georgia too. One of the examples is an old Georgian word “Bche” (“bWe” derived from the word “bWoba” “council”). According to Nicko Chubinishvili’s dictionary, the word means “person selected by disputing parties to make judgment regarding a dispute”. Explanatory dictionaries of Georgian words give the same definitions.

This term has the same meaning in old Georgian manuscripts too. In an ancient manuscript Leonti Mroveli wrote about mediators saying that governor of Mtskheta was the most “respectable” person “acting as a mediator of disputes”. The same author wrote that the mediation system existed even before the King Parnavazi. The system was established during the class society formation.

The same kind of dispute resolution system existed at the court of the King Vakhtang VI etc.

Mediation / arbitration systems existed in different regions of Georgia. In Kartli and Kakheti, mediation courts played a significant role and were effective bodies that sometimes solved disputes that the state was unable to sort out. It must be noted that the mediation court reviewed only civil disputes (except for some rare cases) and the its main function was to help parties achieve agreement through negotiation. It is also notable that in majority cases the mediators were designated by the parties.

Moreover, there were people in villages who acted as village judges. Nobody assigned that title to such people but these were the people respected by the local population and sometimes the government instructed them to act as mediators. These persons were known for their fairness and unbiased judgment. Therefore, their decisions were recognized by the local and central government bodies. Sometimes, the government included village mediators into the state mediation systems or state courts because they were knowledgeable and made serious impact on the court decisions.

The mediation/arbitration system was a very widespread one in the mountainous regions. E.g.: It is known that in Khevsureti mediators reviewed even criminal cases. The mediators were selected by the parties. The purpose of the mediation system was to resolve disputes and convince the parties to come to a consensus.

In Svaneti mediators were called “Morve” or “Morvar”. They reviewed almost all kinds of disputes. They were appointed by the parties and their number depended on the nature of the dispute. Selected “Morvars” elected a chairman - more experienced people with better knowledge of the law and traditions. They were called “Mutsevari” or “Nensgashmegn” and their vote was a decisive one.

There were also other types of arbitration and mediation systems in the Georgian regions such as “Elderly Councils” called “Khevisberi”, “Makhvshebi”, who were not state authorities but sorted out disputes using arbitration/mediation methods. In Svaneti there is a museum where a mediator’s chair and wooden baton are kept. There are as many cuts on the baton as the number of disputes that he managed to solve.

It is well known that a great Georgian writer and public person Ilia Chavchavadze has been involved in mediation activities. After his return from St. Petersburg he worked as a judge in Mazra, in Dusheti region for a while. His wise and interesting solutions could even be used for guidance by contemporary arbitrators and mediators.

The Soviet period hindered the development of the alternative dispute resolution system. A dispute resolution system that would be separate and independent from the state turned out to be unacceptable for a regime that was absolutely intolerant toward any private activity. Consequently, the arbitration/mediation tradition was lost in Georgia. Although, it must be noted that mediation still took place occasionally. Namely, there were occasions when famous people were elected from the population to review disputes about territorial borders between villages. These mediators were entrusted to resolve the disputes using the arbitration methods. Thus, to some extent the tradition has been preserved, but today the dispute resolution systems have to be built from the very beginning.

3. Mediation

What is mediation and what are its benefits?

Mediation is a mechanism of solving a legal dispute by means of a third neutral party, in compliance with a special legal procedure, to help the disputing parties achieve consensus.

Conciliation (mediation) has the following benefits:

(These two terms have the same meaning and are used as synonyms in our text).

1. There is a high chance that the mistakes will be analyzed and acknowledged when the opponents meet;
2. The conciliation procedure is less stressful as compared to the court sessions and even arbitration;
3. During the mediation process, the parties work out their own solution in agreement with each other;
4. The conciliation procedure is less time-consuming and the cost is considerably lower than in case of a court case;
5. Mediation does not worsen the relations between the parties, on the contrary these relations are frequently improved;
6. Probability is high that the decisions will be actually implemented.

Moreover, one more advantage of mediation is that the parties are free to select a mediator. The parties have no obligation to submit evidence, experts' statements, call witnesses and carry out any similar procedural actions that are required in courts. There is no need to pay duties to the state or carry out other expenses. The parties save time because they set the final hearing date themselves.

A mediator must work out a procedure and help the parties to achieve a consensus. Unlike arbitration a mediator cannot make a decision that would be mandatory for the parties. It only helps the parties to achieve a consensus and sign an agreement. During the mediation process a mediator must leave all the personal feelings and preferences behind. If a mediator cannot overcome the emotions and other feelings regarding the case, he /she must refuse to act as mediator.

Information received during mediation is confidential and shall not be disclosed by any party involved. All the records made by a mediator shall be destroyed. A mediator is not authorized to disclose to the other party any information received from any party without the relevant permission. A mediator must not manipulate with the parties.

The parties have an obligation to follow the decisions made as a result of mediation. The decisions are formally recognized based on a legal contract. A failure to implement the mediation decision can be considered as civil violation by a court or arbitration. In this case the court will take into consideration the parties viewpoint of solving the dispute rather than fairness of the solution. Any party can withdraw from mediation during the process, while during court hearing or arbitration, at least an agreement of the other party is necessary for such a procedure.

4. Arbitration

What is an Arbitration?

A court is not the only way of solving disputes. Arbitration is an alternative mechanism of dispute resolution widely practiced in the civilized world.

Arbitration in its current form has been created during the Roman Emperor Justinian (482-565 A.D.). The Emperor conferred the same force to mediation decisions and public court decisions. A new stage of the private arbitration development started at the verge of the 18th and 19th centuries when a private arbitration became the only means of solving economic disputes. The first permanent arbitration was founded during the same period.

In the contemporary sense, an arbitration is a dispute resolution body that is not part of the state juridical system but the state's role is to enforce execution of arbitration decisions. In other words, an arbitration is an instrument of solving economic and civil disputes, when a decision is made by one or several physical persons selected by the parties, or a decision is made by the body that is not part of the public juridical system, but has the same authorization.

One of the main requirements for starting arbitration (unlike public courts) is Arbitration Agreement that must be signed between the parties either as a part of the main agreement or in the form of a separate agreement, stating that the parties agree to solve their dispute through Arbitration.

On April 17, 1997 the Parliament of Georgia passed a law "On Private Arbitration", thus creating a basis for developing new opportunities for arbitration in Georgia.

What kinds of arbitrations does the Georgian legislation establish?

In compliance with the law, an arbitration can be of two kinds:

1. **Permanent arbitration** that is formed in compliance with the law "On Entrepreneurs", has a Charter based on which it solves the disputes; and
2. **Special or temporary arbitration (so called ad hoc)** that is created specially for solving a particular dispute and is guided by the rules set by the parties, or in the absence of such, by its charter.

What are the advantages of arbitration as compared to common courts?

It is impossible to imagine the modern business world without arbitration. Due to its advantages, arbitration has practically no alternatives when commercial disputes need to be solved. The advantages of arbitration as compared to the public courts are as follows:

- For the majority of people, dispute resolution through public courts is rather unpleasant due to the duration, complicated procedures and a few other reasons;

- Dispute resolution through arbitrations is quicker than in courts. E.g.: In Georgia, it usually takes the court at least eighteen months to resolve a dispute in court at all the three levels, while the law gives an arbitration one month from the starting date of arbitration to make a decision, if there is no different agreement between the parties. It is almost impossible for a court to proceed as efficiently as arbitration;
- Delay often causes considerable expenses that could be avoided in case of dispute resolution by an arbitration;
- The parties must agree on the number of arbitrators and the rules of their appointment. The parties can select arbitrators themselves while in case of court hearings, this is not allowed by the law;
- The parties can determine the dispute resolution procedures, language, location, law etc. which is unimaginable in case of a court process;
- Arbitration is much cheaper, simple and affordable than the public justice system;
- If not otherwise agreed between the parties, arbitration process is closed for the public and the arbitrators have an obligation not to disclose received information. Contrary to this, public is ordinarily allowed to attend court sessions;
- A private arbitration allows the parties to achieve a compromise if they are willing to do so and demonstrate the initiative. Therefore, in case of arbitration there is more probability that the relations between the parties will not become worse and that a consensus will be achieved;
- Arbitration also provides an opportunity for mediation (conciliation). This can be very effectively used at the time when the parties still hope to continue their relations in future and both think that losing a partner will be more damaging than continuing the relations. In case of dispute resolution in court, the relations between the parties are usually terminated;
- It is rather difficult to appeal arbitration decision and thus there is only one level of arbitration. This is a considerable advantage compared to court procedures during which the cases usually move from one level to another.

Moreover, it must be noted that a decision made by arbitration is final and mandatory for compliance by the parties. If the parties fail to implement an arbitration decision voluntarily, it must be executed in compliance with the usual enforcement rules applied for execution of court decisions.

5. Community-Based Organizations as Temporary Private Arbiters

Community Unions can be viewed as potential mediators and temporary arbitrators. Community unions can (and must) take upon themselves the mediator's or arbitrator's functions in case if a dispute arises in a village or community. This will help the local population to sort out their problems without wasting time and efforts. This would also be restoration of old traditions. As we have already mentioned above, the tradition of using mediators existed in different Georgian regions from the ancient times, these people were called: "khevisberi", "makhvashi, "morvari" etc. In modern terms, these people were mediators and arbitrators of the particular village or community. They were respected by the population and resolved the local disputes.

From this point of view it is expedient to entrust local persons who are respected and well known for their honesty in their villages and communities to resolve disputes since their decisions will have not only legal but also moral force.

This function of arbiter of a community union will help communities (and not only communities) in timely, cheap and competent resolution of accumulated disputes, which will be very beneficial for improving economic relations and formation of healthy local legal, social and economic climates.

6. What are Arbitration Proceedings?

There are four main stages of an arbitration process.

These stages are:

- preliminary preparation,
- arbitration proceedings,
- arbitration decision,
- execution.

All these stages have specific features.

6.1 Preliminary Preparation

a. Filing Arbitration Case

A private arbitration can deal with civil disputes. This means that a private arbitration (hereinafter “Arbitration”) is not involved in solving disputes regulated under the administrative or criminal codes.

A relevant agreement (consent) between the disputing parties is necessary to allow an arbitration to review a dispute. It does not matter whether the agreement is made before or after the dispute has arisen, or whether the agreement is made separately or as a part of another contract. In case if such a provision exists in the contract, common courts no longer have a right to deal with the dispute.

An Arbitration Agreement must contain the following information: the place, time, disputed issue, names of the parties and their place of residence (address) and legal address, the claim of the first disputing party, the counter claim of the other party. An Arbitration Agreement can also have some other provisions (e.g.: number of arbitrators, timeframes for rejection of arbitrators, rules of their appointment, cost distribution etc.).

In case if there is no such agreement between the parties, they must sign a claim for the Arbitration specifying the disputed issue, addresses of the disputing parties and their willingness to have the dispute resolved through the particular Arbitration.

An example of Arbitration Agreement is given in *Appendix #1*.

b. Preparation of Preliminary Documents for Filing an Arbitration Case

After the Arbitration Agreement is signed, the entity that has received the Application/Arbitration Request from the disputing parties must issue an order (see Appendix # 2) containing the following information:

- information regarding the disputing parties, their address and other requisites;
- information regarding the disputed issue;
- information on appointing arbitrators;
- information on appointing a secretary.

One of the most important documents is the charter of the organization conducting private arbitration or charter of the temporary private arbitration specially formed to resolve this particular dispute. This Charter will determine such preliminary issues as:

- Governing law for the arbitration;
- General information and principles of selecting and appointing arbitrators and their authorization;
- Principles of communication between the arbitrators and the parties, confidentiality;
- Arbitration costs;
- General rules of arbitration etc.

See Appendix # 3 - " *Charter of a Temporary Arbitration* ".

First arbitration session must take place no later than within ten days upon appointment of all the arbitrators.

Arbitration fees and duties must be set in compliance with the charter. Arbitration fees are fixed amounts payable by all the disputing parties and used to cover arbitration costs such as cost of stationeries etc. Every arbitration has a right to establish both fees and duties through the charter.

6.2 Arbitration Proceedings

a) Arbitration Proceedings

Arbitration Secretary must send the Parties a notification. In return the parties must send a confirmation that they will attend the sessions (see Appendix # 4).

On the date of the arbitration session appointed in advance, the Chairman must open the session and inform the parties regarding the Arbitration panel. The arbitrators selected by the disputing parties and appointed by the Arbitration must fill in the "Arbitrator Form" specifying in detail the personal data and sign the statement that they are not government employees, also that they are not related to the disputing parties. (see *Appendix N 5* - "Arbitrator Form").

Before the proceedings start, the arbitrators enter the final information in the Agreement and finalize it.

After this, the Arbitration must review the case and study the documents submitted by the parties. In case of necessity, Arbitration has a right to invite specialists, demand

expert's opinion, interrogate witnesses and carry out other similar activities in compliance with the law and the Arbitration Charter.

If a party is avoiding attendance of arbitration sessions, an arbitration is authorized to review the case in the absence of such party and issue a decision.

Arbitration must issue its decision within one month. If more time is needed an Arbitration has a right to make a decision on extending the arbitration period based on valid arguments, specifying the objective reason for such a delay – e.g.: court, failure to attend a session by a party, death or any other force major situations or a request of the parties regarding the extension of the term.

6.3 Arbitration Decision

After reviewing the case and making a judgment, an Arbitration issues a decision.

An Arbitration decision must contain the following information: the place and time of the arbitration proceedings, the name of the organization that formed the temporary arbitration and the number and date of the Director's Order, data regarding the disputing parties, arbitration claim and counter claim, the arbitration decision, justification and motivation for this decision. (see *Appendix N 6 - "Arbitration Decision"*).

An arbitration decision must be signed by the both disputing parties and each arbitrator. The signature must be verified by a notary.

In case of a special temporary arbitration, all the original copies of arbitration records and files must be sent to the regional court and kept there. Also, one copy of each document must be sent to the disputing parties.

An example of a letter addressed to the court regarding storage of the arbitration documents is given in *Appendix N 7*.

The disputing parties have a right to come to an agreement at any time during the arbitration proceedings. In such case, the Arbitration shall terminate the proceedings and issue a decision in compliance with the Parties' agreement no later than within three (3) days.

6.4 Execution

Similar to a court decision, an arbitration decision can be executed voluntarily by a party (or parties) or its execution may be enforced. A voluntary implementation mechanism is simple and we will not explain it here. As for execution enforcement – arbitration decisions shall be enforced in compliance with the law of Georgia "On Execution Actions", similar to court decision enforcement.

In case of a failure by a party to implement the arbitration decision, the Arbitration Chairman is authorized to issue an Execution Form at the request of a party or at

his/her own initiative after which the decision is executed based on the enforcement rules.

6.5. How does the Private Arbitration Work in Georgia?

At present there are up to ten functioning arbitrations in Georgia. The majority of them work in Tbilisi and Kutaisi even though there are arbitrations that work in regions reviewing disputes related to real estate and immovable property, also some other civil disputes.

It must be noted that together with the development of the market economy relations in the country, the demand for private arbitration services is increasing.

Arbitration Pledge #
On Hearing the Dispute by the Specially Formed Arbitration

_____ 200 _____
(location)

We, citizen _____
(name of the first dispute party)

living at _____
(living address)

Passport data: _____

And the citizen _____
(name of the second dispute party)

living at _____

Passport data: _____

created this Pledge:

We agree that the disputable issue

(description of the disputable issue)

shall be discussed by the temporary arbitration specially created under the

(name of the CBO)

in compliance with the Law on Private Arbitration # 656 of April 17, 1997 and Charter
(on Private Arbitration) adopted by

(name of the organization)

The arbitration panel:

1. _____ (Chairman)
2. _____
3. _____

Arbitration claim of the first party _____
(name of the first party)

(description of arbitration claim of the first party)

Counterclaim of the second party _____
(name of the second party)

Arbitration claim:

(description of arbitration claim)

Following documents submitted by the parties are attached to this pledge:

1. -----
2. -----
3. -----

We, the parties take responsibility to voluntarily comply with the arbitration decision. Otherwise, execution of the arbitration decision will be enforced in compliance with the Law on Private Arbitration.

Basis for arbitration proceeding:

Order of _____ director
(name of CBO)

_____ on Creation of Arbitration, of _____
(date)

and this arbitration pledge.

Place of arbitration hearings: _____

Deadline for hearings: one month. _____
(Date)

Date of the first day of hearing: _____

Signers of the Pledge:

First Party

(name of the first party)

(Signature)

Second Party

(name of the second party)

(Signature)

Arbitrators:

1. _____
(name of arbitrator)

(Signature)

2. _____
(name of arbitrator)

(Signature)

3. _____
(name of arbitrator)

(Signature)

Order # _____

(date)

1. This order adopts the Arbitration Charter on Temporary Arbitration.

2. The Temporary Arbitration is created to discuss the dispute

(dispute object)

between _____
(name of the first party)

living at _____
(rayon) village)

Passport data: -----

and _____
(name)

living at _____
(rayon) village)

Passport data: -----

3. Pursuant to Arbitration Pledge # _____
which is attached to this Order.

With the selection and consent of the parties Arbitration _____
(name of CBO)

is created with the following Arbitration Panel:

1. ----- (Chairman)
2. -----
3. -----

4. Secretary of the Arbitration is -----
(name)

who will be in charge of Arbitration Proceedings and paperwork.

_____ Director
(name of organization)

(name of director) _____
(signature)

This order is approved by the _____ Director.
(name of organization)

Date: _____

Seal

Charter of Temporary Private Arbitration

Article 1. Definition of some terms used in the charter:

- 1.1 Arbitration – body created by two or more members, who are selected/appointed pursuant to this Charter and are authorized by the parties or the union to discuss the specific dispute of the parties in compliance with the rules established by this Charter.
- 1.2 Dispute – civil disputer, the discussion of which was subject and was asked to be discussed by Arbitration.
- 1.3 List of Arbitrators – list of persons approved by the union who meet the requirements and criteria set for arbitrators.
- 1.4 Union – community based organization.
- 1.5 Director of the Union – director of the community based organization or a person having respective authority.
- 1.6 Law – Law of Georgia on Private Arbitration.
- 1.7 Party – person submitting claim or a counterclaim.
- 1.8 Person Submitting Claim – author of the arbitration claim.
- 1.9 Starting of Arbitration Hearing – date of the first arbitration hearing.
- 1.10 Arbitration Agreement – written agreement between the parties based on which the arbitration proceeding takes place. If there are more than one arbitration agreement on one dispute, the arbitration agreement or parts of the agreements which do not contradict the later agreements is in force.
- 1.11 Arbitration Proceeding – process between the moment of filing the arbitration claim and the arbitration decision.

Article 2. General Provisions

- 2.1 Arbitration is the independent body discussing civil disputes, which is created for the purpose of specific case under the union Director's order and operates in compliance with the current law and this provision.
- 2.2 Union director makes a decision on accepting the dispute to be discussed by the arbitration based on arbitration claim and counterclaim.
- 2.3. The dispute for arbitration discussion is transferred to the arbitration created pursuant to this Charter.
- 2.4 Issue of arbitration competence for a specific dispute is solved by the union director, while after creation of arbitration, this issue is solved by the arbitration hearing the case. Moreover, arbitration agreement, as a part of an overall agreement is defined as an agreement not dependant on other terms of the agreement; annulment of the agreement will not result in annulment of the arbitration agreement. Decision on its competence and authorities is made by the arbitration at its discretion in a form of a special decision or by including this in a final arbitration decision after the essential hearing of the case.
- 2.5 After acknowledgment of arbitration's jurisdiction over the dispute, this Charter is considered as an inseparable part of this arbitration agreement. Moreover, if any part of the arbitration agreement contradicts any definition or term of this Charter, the respective rule of arbitration agreement becomes effective.

2.6 Arbitration and parties act in compliance with this Charter. Arbitration is authorized to define rules of this agreement or sort out ambiguities of defined procedures.

2.7 If any parts of this Charter contradict the Georgian legislation or does not have a legal force, this will not effect the validity of other parts of the Charter.

2.8 If the parties agree that their dispute shall be discussed through arbitration pursuant to this Charter, they agree not to address the court or other bodies regarding the competence or authorities of arbitration unless there is a written mutual agreement of the parties or preliminary permit by the arbitration.

2.9 The language of arbitration hearing is Georgian unless otherwise determined by the parties.

2.10 In regard to issues not covered by this Charter, arbitration and parties act pursuant to the law and the common sense of this charter providing the validity and legality of the arbitration decision.

2.11 Place of arbitration hearing is the union location unless otherwise agreed by the parties. Place of arbitration hearings is the place of decision made by arbitration.

2.12 Arbitration is authorized to meet for hearings and meetings or gathering of evidences, etc. at any place as needed and at its discretion.

Article 3. Applicable Law

3.1 For determination of legality of the arbitration agreement and arbitration jurisdiction, arbitration will comply with the law indicated by the parties, if there in no such indication, the arbitration will apply the Georgian legislation.

3.2 Arbitration hearing procedures shall comply with the Georgian legislation.

3.3 Pursuant to Georgian legislation, arbitration determines the material legislation (of the country) applicable for decision of the dispute.

3.4 If there is no norm settling the dispute, arbitration shall use similar norms (analogy of the law), if there is no such norm, arbitration is guided by the general principles of the Georgian legislation.

Article 4. Arbitration

4.1 Unless otherwise determined by the parties, the arbitration is made of three members.

4.2 Unless otherwise determined by the parties, the arbitrators are selected and appointed out of the list of arbiters of the union.

4.3 Appointment of arbitrators is a special prerogative of the union director.

Arbitrators are selected after consideration of special circumstances of the case and in compliance with the requirements of the parties.

4.4 In case of a one-member arbitration, the person selected out of the list of arbiters by the parties through mutual agreement is appointed as an arbitrator. In case of disagreement between the parties, the union director appoints the arbitrator from this list.

4.5 In case of a three-member arbitration, the two persons selected from the list of arbiters by each party are appointed as arbitrators and these arbiters select the third arbitrator from the same arbiter list within five days after their appointment. This arbitrator is appointed as a Chairman. If case of disagreement between the arbiters or

after expiration of a five-day deadline, the director of the union appoints the chairman of arbitration.

4.6 A party has a right to authorize the union or a third party to select an arbitrator.

4.7 If the party failed to select an arbitrator within the deadlines set by the arbitration, the union director appoints an arbitrator.

4.8 If the dispute involves more than two parties and the arbitration agreement envisages nomination of arbiters by all the parties, but some parties disagree to consent in writing, that for the purpose of the arbitration all participants formed two parties, party filing a claim and a party filing a counterclaim, the arbitration appoints the arbiters without consideration of the candidates nominated by the parties. In this case, the arbitration agreement shall be understood as an agreement by the parties that the union director appoints the arbitrators.

4.9 If the parties agree in advance that they or the third party shall appoint the arbiters, this Charter interprets such agreement of parties as their agreement to nominate their candidates. Only the union director is authorized to appoint the nominated candidates. The union director may refuse to appoint the candidates nominated by the parties or the third party if he considers that they do not meet the requirements of arbiters or are not unbiased.

4.10 Prior being appointed as an arbitrator, he / she should submit with the registrar the resume, which will include the past and current jobs. The arbiter must sign the contract on honorarium processed pursuant to the provision of arbitration costs and fees. In addition, he/she must sign the declaration on the fact that he/ she is not aware of the circumstances that would hinder his /her unbiased and independent decision.

4.11 Union director appoints the arbiters only after the registrar receives the counterclaim within the set deadlines or after the deadline for submitting the counterclaim expires. Union director can start formation of the arbitration despite incompleteness of the claim or failure to submit the counterclaim.

4.12 If the arbiter does not show up or leaves the hearing due to the inexcusable reason, or fails to implement his duties in any way, the director of the union is authorized to dismiss him regarding the rule of appointment of this arbiter and the director can appoint a new arbiter.

4.13 The union director is authorized to dismiss the arbiter if he fails to come to the hearing or leaves the hearing or fails to implement his duties during the process twice even if such absence of failure is excusable.

4.14 In situations described in 3.12 and 3.13, before appointment of a new arbiter , the remaining arbiters are authorized to continue the proceeding, except for making a final arbitration decision.

4.15 After the start of arbitration hearing, if the arbiter refuses to continue his duties or chooses to be removed from the case in writing, union director is authorized to terminate his authority regardless of the rule of appointment of this arbiter, and appoint a new arbiter.

4.16 In case of the arbiter's death, the union director appoints a new arbiter. In such situations, arbiters are selected and appointed in the same rule and the previous arbiter.

Article 5. Avoiding Arbiter

5.1 Arbiters must be unbiased and independent towards all parties and they should meet the requirements of Georgian legislation. Any candidate for arbiter, as well as all

the parties to disclose to the union (arbitration) all the circumstances that may make independence and fairness of any arbiter doubtful or possibility that they may violate legislation.

5.2 Any party is authorized to request avoidance of the arbiter if there are some circumstances that would make their independence and fair judgment questionable. Avoidance may be requested if the arbiter does not have qualification described in the agreement.

5.3 Deadline for requesting avoidance is one week from the day of notifying the party of the arbitration panel or from the day of discovery of a circumstance, except for the cases when the party should have known and declared this circumstance as of the arbitration panel creation day.

5.4 Union director and arbiters after formation of the arbitration should discuss the circumstances of putting arbiter's fairness in jeopardy of every single request of avoidance of arbiter and make relevant decision on it. Arbitration is authorized to discuss such requests submitted after due date and in case such request is granted, arbitration is authorized to ask the party requesting the avoidance to compensate the salary of the avoided arbiter.

5.5 Experts, translators and specialists may be avoided under 4.2 of this Charter. Arbitration makes a decision on such avoidance.

Article 6. Confidentiality

6.1 Union director, arbiters, invited experts, witnesses, and other persons are responsible for keeping the information, that they acquired during the hearings, confidential, unless otherwise agreed by the parties.

6.2 Unless otherwise agreed by the parties, arbitration decision may be disclosed only to the court, other competent agencies and persons involved in decision enforcement or in other cases determined by the law.

Article 7. Communication between arbiters and parties

7.1 Communication between the arbitration and parties is in writing and in language of the hearing.

7.2 Notice is sufficient if it was delivered to the addressee in person, or was sent through the registered mail, telex, fax or other telecommunication means which verifies that the information was sent.

7.3 Notice should be mailed to the mailing address indicated by the addressee. If such address does not exist, the notice should be mailed to the address where the addressee was residing last and that arbitration is aware of or to the work address.

7.4 If there is a confirmation that the notice was sent, it will be considered as received on the day when it was personally transferred to the addressee or when it was supposed to arrive pursuant to the receipt

7.5 Regardless of above rule of notice delivery, parties may send notices according to the rule they agreed on in writing. If such rule does not exist, they can send notices in the way they usually do it or some other form determined by the arbitration.

7.6 Until formation of arbitration, all communication between the parties and arbiters takes place through registers.

7.7 After formation of arbitration, all written information between parties and arbitration is transferred through the registrar unless the arbitration does not consider it necessary to directly communicate with the parties.

7.8 If Registrar sends a written notice to any of the parties in the name of arbitration, he has to send a copy of the notice to all the parties. When a party is sending a notice to the Registrar, (including written applications or other documents) the party has to provide copies of the documents for each arbiter, send copies to other parties and provide a Registrar with written confirmation that he /she has already done so is doing it.

Article 8 Arbitration Fees

8.1 Arbitration hearing fees include: a) registration fee, b) arbitration fee, and c) additional arbitration fees. (Tests, expert's and translator's honorarium, their transportation fees, etc.)

8.2 Any costs related to arbitration hearings shall be covered by the interested parties. Arbitration is not responsible for carrying out any expenses related to hearing of the case or enforcement for the decision.

8.3 Registration fee is covered by the disputing party in the moment of filing the claim, without which, arbitration shall not accept the arbitration claim in proceeding. In addition, if the arbitration refuses to accept the case in proceeding, registration fee shall not be reimbursed pursuant to the Regulation on Arbitration Costs and Fees, which is the inseparable part of this Charter. (See Appendix)

8.4 Arbitration may define the amount of advance payment that the parties shall deposit on the arbitration account.

8.5 Arbitration does not start the arbitration hearing unless it receives the confirmation from the Registrar that the arbitration has sufficient funds for hearing of the case.

8.6 In certain cases, the union director is authorized to delay or postpone payment of arbitration fees or reduce these fees.

8.7 Arbitration shall impose payment of arbitration hearing fees on one of the parties or all parties dividing the amount proportionally. This decision of arbitration is part of arbitration decision.

8.8 If parties negotiate on sharing payment of fees through arbitration agreement, arbitration decides this question in accordance with their negotiation.

8.9 If during drafting the final unsigned version of arbitration decision, it turns out that the advance paid fee exceeds the fees actually imposed on the parties, the residue amount shall be returned to one of the parties or both parties (with certain proportion) as indicated in the decision on sharing payment of fees. If the advance payment is less than actually imposed amount of fees, parties shall immediately cover the difference. Arbitration members sign arbitration decision after they receive a notice that the arbitration fee is completely covered by the parties.

8.10 Under the arbitration decision, in addition to arbitration fee payment, one of the parties may be responsible for paying full or partial amount of some legal expenses arising during arbitration hearings.

8.11 If the party filing the claim (or a party filing counterclaim) fails to pay the advance payment established for them, arbitration considers this act as the refusal to participate in the hearing.

Article 9. Evidences

9.1 Each party should prove circumstances on which their requirements and claims are based.

9.2 Parties submit needed evidences during arbitration hearings. Arbitration may request submission of additional evidences and set deadlines for their submission.

9.3 If the party fails to submit documents related to the case within the set deadlines, arbitration is authorized to make a decision based on the existing documents.

9.4 Prior hearings, arbitration is authorized to request submission of the information on the witnesses that the party is planning to invite. This information should indicate the subject of testimony and its connection to the case.

9.5 Arbitration may establish time and form for submitting this information. Also, arbitration may set the time for testimony and stop the testimonial if it goes beyond the dispute issue.

9.6 If otherwise determined by arbitration, testimonial of the witness may be submitted in writing by any party. In addition, a party may appeal to the arbitration to summon the witness to the hearing who had submitted the testimonial in writing. If the summoned witness does not come to the hearing and the absence is unexcused, arbitration decides a question of accepting the written testimonial of that witness.

9.7 Any witness giving a verbal testimony, may be questioned by any party. In addition, arbitration may ask questions in the process of testimony.

9.8 Unless otherwise agreed by the parties, arbitration is authorized may invite one or more experts for their opinion on the case.

9.9 Arbitration may request from the parties to submit information and documentation needed for the expert and can set the deadlines for submission of such information and documentation.

9.10 Unless otherwise agreed by the parties, any party may request invitation of an expert (s) to the hearing in regard to the opinion they have submitted. Parties and arbitration are authorized to question them on relevant issues.

9.11 Honorarium and costs of experts are covered from the advance payment deposited by the parties and which is the part of arbitration hearing fee.

Article 10. Arbitration Proceeding

10.1 Parties are authorized to agree on arbitration hearing procedures, under the condition to comply with the following procedures of arbitration proceeding:

- a) Provide fair and unbiased treatment of all parties, giving opportunity to allow each party to express their positions and counter-positions;
- b) Establish the procedure that complies with the circumstances of the hearings, avoids delays and unneeded expenses, provides fair and effective solution of the dispute.

10.2 Such agreement of the parties must be processed in writing or should be documented by arbitration if parties request and agree so.

10.3 If the parties do not have an agreement indicated in 9.1, arbitration is authorized to conduct its activities the way it finds appropriate, while the parties have to timely take all measures to provide effective, fair and quick discussion of the dispute by the arbitration.

10.4 When arbitration is made of more than one member, arbitration chairman is authorized to make unanimous decision on arbitration proceeding, if agreed with other members of arbitration in advance.

Article 11. Arbitration claim

11.1 Disputing party, which desires that the arbitration discussed the case, should address the arbitration with a written claim. Arbitration claim should include the following information:

- a) Names of the parties and their legal addresses;
- b) Brief description of subject of dispute;
- c) Arbitration agreement between the parties, if such exists;
- d) Copies of all the documents and the information that the disputing party possesses and are connected to the dispute subject;
- e) Claims of another party;
- f) Value of the dispute;
- g) Name, profession, mailing address and other coordinates of the arbiters;
- h) Other question related to the arbitration hearings (location, language (s), number of arbiters, terms of their selection, etc.);
- k) Receipt of registration fee (appendix 2) envisioned by Provision on Arbitration Costs and Fees, without which the claim shall not be considered sufficient and the hearings shall not proceed.

11.2 If the claim does not meet the requirements set by 5.2.1 the party filing a claim should fix the deficiency within the deadlines indicated by the Registrar. In case of failure to do so, arbitration makes a decision on terminating the case.

11.3 Acceptance of the claim by the arbitration is considered as the beginning of hearing the case. If only one arbiter shall be appointed, the claim (together with all other documents) shall be submitted with the arbitration in two copies or if the parties agree to appoint three arbiters, the documents shall be filed in four copies.

11.4 Within the three days as of receiving the arbitration claim, arbitration shall send the copies of the claim and this charter to the defendant.

Article 12. Counterclaim

12.1 Within one week as of receiving copies of the arbitration claim and this charter, defendant (party filing the counterclaim) should submit with arbitration the response to the claim. Arbitration is authorized to prolong this deadline once, for no longer than one year if requested by the defendant.

12.2 Response to the claim (that is counterclaim) should include:

- a) Comment on the description of the dispute object, indicated the parts he / she agrees or disagrees with;
- b) Copies of documents or the information that is are not included in the arbitration claim and are connected to the dispute;
- c) Comments on the claims of another party;
- d) Any counterclaims (if such exist) that the defendant has towards the claim;
- e) Names, mailing addresses and other coordinates of the arbiters;
- f) Other question related to arbitration hearings (location, language (s), number of arbiters, terms of their selection, etc.)

12.3 Failure to send the counterclaim does not take away the defendant's right to reject claim or to submit the counterclaim during the arbitration hearing. In addition, if the arbitration agreement envisions nomination of arbiters by the parties, failure to send the counterclaim is understood as the refusal to nominate the arbiter by this party.

Article 13. Determination of the Claim Cost

13.1 Cost of the claim is determined by:

- a) The requested amount for the compensation indicated in the claim;
- b) Value of the property – if the claim concerns property;
- c) Activeness or inactiveness pursuant to property interests of the claimant;

13.2 Claimant is obliged to indicate the claim cost if the claim or its part does not have the property nature.

13.3 If the claim includes several demands, cost will be calculated from the sum of each of their separate value.

13.4 If the claimant did not determine cost of the claim or did it inaccurately, arbitration determines this cost with its own initiative or pursuant to the request by the defendant party.

Article 14. Arbitration Hearing

14.1 Within one week after the counterclaim submission deadline, the arbitration is authorized to make an official decision on acceptance or rejection of the case indicating the reason for rejection. Each arbitration party shall be sent a copy of the decision.

14.2 Decision of acceptance of the case should indicate advance amount of arbitration costs. Advance amount should be paid completely by a party or both parties proportionally as they agreed, within one week after the parties make a decision.

14.3 Arbitration shall be formed after the party (s) cover the total amount of advance payment. Union director is authorized to accept a bank or other type of guarantee to cover the total or part of this payment. In addition, failure to pay the advance amount or abovementioned guarantee, or late payment may result in annulment of the decision on acceptance of the case.

14.4 Arbitration independently sorts out the rule of its activities pursuant to the requirements of this Charter and requests of the parties.

14.5 Arbitration makes decisions on procedures, or legal and factual questions by the majority of votes. Moreover, if there is no majority vote for the procedural issues, the Chairman of the arbitration is authorized to unanimously make a decision.

14.6 Arbitration hearings are closed unless both parties request to hold an open hearing.

14.7 Parties should be informed about the time and location of the hearing within reasonable deadlines to be able to report to the hearing on time.

14.8 If determined by the arbitration agreement, and if arbitration considers it appropriate, the hearing may be held based on submitted written documentation without hearing the parties in person.

14.9 Arbitration is authorized to send to the parties the list of questions to which the arbitration shall expect a detailed answer and explanation from the parties.

14.10 Before issuing its final decision, arbitration should do its best to acquire detailed information about the dispute for which arbitration may summon the witnesses, experts, and request evidence if needed.

14.11 Parties conduct activities directly or through their representatives. Failure by the party to come to the hearing, if notified about its time and location as determined by this Charter, shall not hinder the hearing and making of a decision, unless the party requested in writing to postpone a hearing indicating the excusable reason for this request. A party may also request that the hearing be held in his absence.

14.12 Any party is authorized to change or add information in his /her claim or counterclaim during the proceeding of the case. The arbitration may accept or reject this alternations and additions.

14.13 The parties have to provide evidence of their claims. Arbitration is authorized to requested from the parties to submit additional evidence.

14.14 The third party may participate in the hearing if one of the parties requests it. To involve the third party, the other party's consent as well as the written consent of the third party is required.

14.15 The third party may be involved in the case only during the preparation period of the case. If the sufficient reason exists, the third party may be also involved after the hearings are over. Arbitration decides the issue of allowing the third party to the hearing.

14.16 Arbitration is authorized to set the duration of every hearing and meetings.

14.17 Arbitration or the parties may initiate delay or termination of the arbitration proceeding. Arbitration makes a decision on delay or termination of the case pursuant to the established rule.

Article 15. Additional Authorities of Arbitration

15.1 Unless otherwise agreed by the parties in writing, and after they express their ideas, arbitration is authorized to:

- a) Solve any issue related to the sharing of costs;
- b) Change deadlines set in the arbitration agreement, this Charter, or by arbitration itself;
- c) Oblige parties submit evidence and documentation that they possess needed for the expert and the documents that arbitration finds necessary for consideration;
- d) Make decision on acceptance or rejection of evidences, other documents, or facts, expert's opinion and determine time and form of communication of documents between parties.
- e) Determine procedures for amending contracts and arbitration agreement between the parties that is required for making corrections and if arbitration finds these amendments as the common interest of the parties. The amendments should comply with the requirements of the contract and/or legislation regulating arbitration agreement.

Article 16. Measures of Provision

16.1 Unless otherwise agreed by the parties, with the request of the claimant, arbitration makes a decision on measures of claim provision, which may be expressed in depositing an advance payment, submission of bank guarantee or anything else,

which arbitration finds appropriate. This may include the request by the defendant to the claimant to provide compensation through submitting such provision.

16.2 Under the defendant's request, arbitration is authorized to ask from the claimant provision of the potential damage.

16.3 With the request of the party or with its own initiative, arbitration addresses the court for provision of evidence for the purpose of making a decision.

16.4 Party's request for requesting court evidences is submitted with arbitration in a written form.

16.5 Written or verbal request for provision of documents should include:

- a) List of evidences that should be provided;
- b) The reason which forced the party to request provision of evidences.

16.6 Arbitration makes a decision on applying to the court with the request on provision of evidences. This decision stops the arbitration proceeding until the day of receiving court evidence.

Article 17. Arbitration Decision

17.1 Arbitration should deliver the final unsigned version of arbitration decision to the arbiters, no later than one month after the start of arbitration proceeding, unless parties agree on a different deadline for the decision.

17.2 If the parties have not agreed on the deadline for the decision and the decision was not made within the deadline indicated in 17.1, arbitration shall resign unless otherwise decided by the parties. In this case, parties have to appoint new arbiters within the 10 days pursuant to Article 10 of this Charter.

17.3 Final unsigned version is sent to the Chairman, who is authorized to make comments on the format of the decision. Arbitration is obliged to make corrections pursuant to the comments until signing the decision.

17.4 Arbitration decision should be written, in the language of hearing and should include:

- a) Time and location of the decision;
- b) Full name of arbitration and names of arbiters;
- c) Identity of parties and their addresses;
- d) Arbitration agreement;
- e) Subject of dispute;
- f) Motivation part with indication of basis for the decision (unless the arbitration agreement provides for the absence of this part);
- g) Arbitration decision (including the decision on the arbitration costs);
- h) The identify of the arbiter who refused to sign the decision (if any);

17.5 Arbitration decision is effective as of the date of its notarization and its reading to the parties;

17.6 Arbitration decision is final and is obligatory for compliance.

17.7 Arbitration Chairman issues the decision execution paper on the effective arbitration decision.

17.8 After thirty days as of issuance of the decision, with the consent of the Chairman, arbitration can produce explanatory note on the decision, and/or make corrections of mechanical, topographical, or mathematical mistakes if one of the parties request or arbitration initiates it. This explanatory note is the part of the decision unless otherwise agreed.

17.9 If at any stage of arbitration proceeding, parties reach agreement on all disputable issues, arbitration shall terminate the proceeding and make a respective decision on agreement within three days after the application on agreement is submitted.

Article 18. Termination of Proceeding without Arbitration Decision

18.1 There is no arbitration decision made on a case, arbitration proceeding is terminated pursuant to the Provision on Termination of the Proceeding.

18.2 Arbitration proceeding is terminated:

- a) If a claimant rejects his / her claims unless the defendant does not object to this request of termination of the proceeding within two weeks after the claimant's rejection request is delivered to him /her and unless the arbitration decides to continue the proceeding due to the defendants legal interests;
- b) If there is an agreement between the parties to terminate the case;
- c) If arbitration finds that future proceedings are unnecessary, due to absence of bases for substantial hearings of the case.

18.3 Prior formation of arbitration, Provision on Termination of the Proceeding is issued by the union director.

Article 19. Final Provisions

19.1 Union director, arbitration and the parties shall act pursuant to the law and the essence of this Charter regarding all questions not covered by this Charter, and they shall do their best to provide legality of the arbitration decision.

I read the Charter and agree that the case be discussed pursuant to this Charter and the Law of Georgia on Private Arbitration of 17.04.97. Decision made by the arbitration is final and is not subject of appeal in court. We agree with this with my signature:

First Party:

Second Party

(name of the first party)

(name of the second party)

(signature)

(signature)

Arbiters:

1. -----
(name of the arbiter)

(signature)

2. -----
(name of the arbiter)

(signature)

3. -----
(name of the arbiter)

(signature)

Charter Appendix # 1

Is approved by the _____ director
(name of a CBO)

Date: -----

Seal

Charter on Arbitration Costs and Fees

Article 1. Definition of Terms

- 1.1 Registration Fee – fee, paid by the persons filing an arbitration claim with arbitration prior arbitration proceeding for covering raised costs.
- 1.2 Arbitration Fee – fee for covering costs related to arbitration activities paid for each claim filed with arbitration (honorarium for arbiters, salary for arbitration staff, other expenses related to organizing arbitration proceedings, etc.).
- 1.3 Additional Arbitration Fee – special expenses, arising in regard to specific case (costs related to inviting experts, expert’s honorarium, business trip, etc.).
- 1.4 Expenses of Parties – Expenses paid by the parties for protection of their interests during arbitration proceeding except for costs envisioned in 1.1, 1.2, and 1.3.

Article 2. Registration Fees

- 2.1 Registration fee amounts to _____ GEL (excluding VAT). Registration fee is part of arbitration fee.
- 2.2 Registration fee is not subject to taxation.

Article 3. Arbitration Fee

- 3.1 Registration fee is inseparable part of arbitration agreement. Arbitration fee is aimed for covering arbiters’ honorarium.
- 3.2 Arbitration fee (excluding VAT) is expressed in GEL and amount to 15% of the value of dispute subject or the amount as agreed between the parties and arbitration.

Article 4. Reducing Arbitration Fee

- 4.1 If the claimant annuls the claim prior being sent the notice on hearing, arbitration fee (except for registration fee) is reduced with 75%.

4.2 If the claimant annuls the claim after sending a notice to the defendant and before the first hearing day because the parties have reached the agreement through negotiation, arbitration fee (except for registration fee) is reduced with 50%.

4.3 If arbitration proceeding is terminated without an arbitration decision, arbitration fee (except for registration fee) is reduced with 25 %.

4.4 Decision on reducing the arbitration fee should be included in arbitration agreement or in a decision on terminating the arbitration proceeding. If the case is terminated prior formation of arbitration, decision on reducing arbitration fee is made by a union director.

4.5 Requirements of this Chapter on reducing the arbitration fees do not apply to registration fees.

4.6 Requirements on payment of arbitration fees apply to the counterclaim.

Article 5. Distribution of Payment of Arbitration Fees between the Parties

5.1 Unless otherwise agreed by the parties, arbitration fees shall be paid by the party against whom the decision was made.

5.2 If the claim is met partially, arbitration fee shall be paid by the defendant proportionally with the met claim, while the claimant pays in proportion to the part of the claim which was not met.

5.3 Arbitration fee and cost is paid when the receipt of depositing the amount on the union account is submitted.

5.4 The party in favor of whom the decision is made, is authorized to request from the arbitration to impose coverage of costs related to arbitration proceedings, also costs of the legal representative to protect his /her rights, on the other party.

5.5 In certain cases, arbitration is authorized to set a different procedure of distributing the payments between parties, particularly, oblige one party to compensate the excess expenses of another party because the other party acted unfairly and unreasonably, that also might have resulted in the delay of the proceeding.

Article 6. Honorarium of Arbiters

6.1 Honorarium of arbiters amounts to 50% of arbitration fees.

6.2 Terms of payment of honorarium to arbiters are determined in the Agreement on Honorarium of Arbiters signed between the union and arbiters.

6.3 Honorarium is paid to arbiters within two weeks after the case ends.

I read this Charter and agree that the case be heard according to its requirements.

First Party:

Second Party:

(name of the first party)

(name of the second party)

(signature)

(signature)

Arbiters:

1. -----
(name of an arbiter)

(signature)

2. -----
(name of an arbiter)

(signature)

3. -----
(name of an arbiter)

(signature)

(Desirably on the organization's letterhead)

Notification

Private temporary arbitration created by -----
(name of the CBO)

(in compliance with Order # _____) is inviting you _____
(name of the party)

as a defendant to come to the arbitration hearing in regard to the claim filed by -----

(name of the other party and the disputable issue)

Arbitration hearing shall be heard on _____ (date) at -----
----- at _____
(hour) (address, exact location of the hearing)

Please bring the identification document and all documents related to the case.

Secretary of arbitration

(name)

(signature)

I received this notice

(name)

(signature)

(date)

Arbiter Information Sheet

Name: -----

Place and Time of Birth: -----

Education: -----

Profession: -----

Work Place and Position: -----

Past Felony: -----

(indicate your felony in past)

Are you in Public Service?: -----

Arbitration Dispute: -----

Connection to the Party: -----

(indicate any relation)

Any Circumstances that Jeopardize Your Unbiased Judgment: -----

--

I became familiar with the case and am ready to participate in this case as an arbiter of

(name of the party)

I confirm that I have not committed any felonies in past, am not currently in public service and in addition, am not a relative to any parties involved. I am ready to participate in this arbitration case and comply with requirements of legislation and the Charter prepared by _____ and signed by us.

(name of the CBO)

I shall be just and unbiased in my decision.

Name of the arbiter and the date: -----

Counterclaim: -----
(describe the counterclaim and the evidences submitted by the defendant)

Motivation Part:

After hearing the parties, and studying the documentation and evidences presented to it, arbitration finds that arbitration claim

(shall be granted, shall not be granted/ and/or shall be granted partially

due to the following circumstances:

(indicate here the circumstances, evidences or material law

based on which the above decision was made)

Arbitration was guided by the agreement of between the parties dated -----, Article 31 and 35 of the Law of Georgia on Private Arbitration, and the Charter of Temporary Private Arbitration.

Arbitration Regulates the following:

Regulation:

1. Arbitration claim of the claimant -----shall be -----
(name of the claimant)

(granted / shall not be granted) (partially of completely)

2. Defendant shall have to (shall not have to) -----
(detailed description of the action the defendant shall have to do)

in favor of the claimant.

3. This decision shall be effective immediately after its notarization and its delivery to the parties.

4. This decision is not subject of appeal unless otherwise regulated by the parties.

1. _____ (Chairman) _____
(name of the arbiter) (signature)

2. _____ _____
(name of the arbiter) (signature)

3. _____ _____
(name of the arbiter) (signature)

(On the CBO letterhead)

Application to the Court

To the _____ Rayon Court

Dear Sirs,

We would like to inform you that the temporary private arbitration created by CBO
_____ held arbitration hearings # _____ on
(name of a CBO)

(date)

regarding: -----
_____ (dispute parties, subject of dispute and location)

Pursuant to Article 39 of the Law of Georgia on Private Arbitration (# 656-2 of April 17, 1997) please, receive documentation concerning the proceeding of this arbitration case.

Respective documentation is attached.

Respectfully

Head of Arbitration

(name of a chief arbiter)

(signature)

Used Literature:

1. *Management Theory and Practice* – 5th edition, G.A. Cole Letts Educational Aldine Plase, London W12 SAW 1996
2. *Participatory Monitoring, Evaluation and Reporting An Organizational Development*
3. *For South African NGOs* William Booth, Radya Ebrahim, Robert Morin
4. *Learning from the Community* (Conwal, Inc. Funding Provided by the Centers for Disease Control and Prevention. September 2000)
5. *Community Engagement Groups, Meetings, and Events: Planning, Organizing, and Conducting*
6. *How to Make an Evaluation Plan*
7. *Organizational Change Management Strategy* 11/18/2002 Version 2.1 Author: PSC Consulting
8. Motivating People – <http://www.lcmmix.org/research.cfm?cat=18&top=1>
9. *Scanning the business environment for information: a grounded theory approach.* Zita Correia and T.D. Wilson (<http://informationr.net/ir/2-4/paper21.html>)
10. *Tips for Effective Fundraising Looking at the Big Picture: The 5 Key Ingredients of Effective Fundraising*
11. *10 Hot Tips for Facilitators for Successful Environmental Improvement Projects in the Pacific Islands*
12. siteFASTtrack.rural infrastructure service online.
13. Business Selection Checklist <http://www.fastrackonline.org/index.htm/>
14. *Improving Communications between Researchers and Policymakers in Long-term Care*

<http://rwjf.org/research/resarchByarea.jsp?title=Vulrerable%20Populations&detailID=1315>

15. Organic Law of Georgia on Local Self Governance and Governance, passed in 1997
16. Law of Georgia on Budgetary Systems, passed in 2003
17. Evaluation and Perspectives of Local Self Governance and Governance in Georgia. International Association Kivitas Georgika, 2004
18. *127 Most Frequently Asked Questions* NDI, 2003
19. Civil Code of Georgia, 1997
20. Tax Code of Georgia, 1997
21. Collection of Lawmakers of Land Law in Georgia, 2001
22. Land Legislation, 2002
23. *Selected Works in Five Volumes*, Ilia Chavchavadze Volume IV, Publishing House Soviet Georgia, Tbilisi, 1987
24. *Farmer's Legal Manual*, Association for Protection of Landowners' Rights
25. Administrative Violations Code, 1984
26. Georgian Code on Forests, 1999
27. Laws on Georgia On:
 - Land Registration, 1996
 - Ownership of Agricultural Land, 1996
 - Management and Administration of State-Owned Lands, 1998
 - Declaration of Non-Agricultural Land Existing in Use of Physical Persons and Legal Persons in Private Law in Private Ownership, 1998
 - Registration Fees, 2002
28. Presidential Decree # 446 of 1998 On Issuance of State-Owned Agricultural Land in Lease

29. Presidential Decree # 327 of 1999 on Immediate Measures on Primary Registration of Ownership Rights on Agricultural Lands and Issuance of Registration Certificates to Georgian Citizens.

Recension

CBO Manual written by the Association for Protection of Landowners' Rights is a very useful and most importantly, very needed book.

Four-year experience of USAID financed Georgian community mobilization initiative showed us the needed for a book like this manual, which collects all basic legislative acts related to formation and operation of community-based organizations. Moreover, the manual reviews CBO relations with local self-governance bodies. It also talks about issues related to the Tax Code, management of land and other natural resources, private arbitration. The book discusses in detail all issues that CBOs and their members face in their activities.

CBO Manual will be helpful for the representatives of organization that run community mobilization programs.

Some parts of the book (E.g. Planning, Organizing, Control) will be more understandable for the community members, if the members of other communities, who already underwent relevant trainings, provided explanations and discussion on these issues.

The book covers the experience of West Georgia Community Mobilization Initiative. It would be desirable that the book also covered the experience and approaches used by the Mercy Corps East Georgia Community Mobilization Initiative. Nevertheless, this comment does not lessen the importance and usefulness of this manual.

Irakli Karsashvili
Mercy Corps Community Mobilization Coordinator

05.08.04

Recension

on CBO Manual Written by the Association for Protection of Landowners' Rights

History of Post Soviet public organizations dates back to early 90s. During the past decade, different types of public organizations were created. Over the past five years hundreds of community unions were formed. Community unions are public organization and their activities usually depend on their location. The CBOs are established by active members of the community living in the area of CBO's activities. CBO locations may vary since they may be in villages, lowlands, small neighborhoods or streets of a big city, residential buildings, etc. These organizations act as advocates for protection of interests of their communities. Obviously, the Georgian legislation does not differentiate CBOs from other public organization, but due to their particular nature, they stand out from the community of other non-governmental organizations.

Fortunately, CBO members enjoy the opportunities to frequently attend seminars, trainings and work meetings organized by institutions working on their development. Although, CBOs do not have the luxury of special literature describing CBO management issues that would help them to successfully run the organization and achieve the set objectives.

CBO Manual prepared by the Association for Protection of Landowners' Rights is a valuable asset in this regard. This is one of the first manuals of its type created for representatives of the CBOs and aims at facilitation of their and generally local communities' development.

The book covers nine chapters. The first part of the book (Chapters I-IV) discusses the nature of CBOs and their role in a civil society (Chapter I), their foundation (Chapter II), principles, stages and ways of their management. (Chapters III, IV)

CBOs are the public organizations and their existence in isolation from the State and business sector is impossible. Cooperation of all these three sectors creates healthy civil societies. Therefore, the authors of this book very logically dedicated the second part of the book to the local self-governances, their structures and authorities. This part of the book considers their relations with the CBOs (Chapter V). This part also covers land, income and property tax issues (Chapter VI) and general principles and legislative requirements connected with the land use. (Chapters VII, VIII, IX)

The wide spectrum of issues discussed in this book is worth of special notice. Despite variety of topics discussed in it, the authors have succeeded to understandably analyze each issue in brief subchapters. The number of diagrams, tables and forms important for analyzing CBO data is impressive. The book includes completed forms that simplify their understanding. We should hope that CBOs will be able to use suggested methodologies in their activities. Legislation regulating land use, current tax regulations, and different agreement forms included in the book will undoubtedly help local CBOs in their activities.

It is worth noting that the authors quote Ilia Chavchavadze's words in the book and they provide brief historical reviews on different questions. Recollection of Georgian democratic sense and values will better motivate citizens of Georgia building Georgian democracy today.

This CBO Manual is the first attempt of its type and therefore is not perfect. As we learn from the preface, neither the authors have ambition that the book is perfect. We should hope that the future editions will follow, and the quality will eventually improve. Presently, we have to thank the authors of the book for their fruitful work.

This book will greatly help members of CBOs and other public organizations, also small and medium businesses operating locally, local self-governances and other interested persons.

Micheil Tsereteli
Deputy Director
Foundation Horizonti
August 10, 2004
Tbilisi

Recension

I would like to thank the staff of the Association for Protection of Landowners' Rights who participated in creation of this greatly important and useful manual. This book will help the existing CBOs, local self-governances, business sector representatives and all those people desiring to contribute to timely and quality resolution of problems existing on local, that is community levels to enable creation of strong and developed civil societies.

The manual unifies all the questions understanding of which will help the communities, local self-governances, and private businesses to determine their roles and to learn how to conduct their activities effectively to provide sustainability of their activities.

This is the first attempt to organize all these important questions in one system. It would be desirable that the book more thoroughly covered the questions of advocacy, that would help all interested parties to cooperate and effectively solving common problems.

With best wishes,

David Vezden
West-GCMI Project
Coordinator of Community Mobilization Component
Care International in Georgia