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1. INTRODUCTION

1.1 Privatization of state property is an efficient way for the development of a country as private ownership is the foundation of a market-based economy. Privatization is generally defined as the transfer of state property into the ownership of private legal/individual persons. As entrepreneurs’ main goal is to generate profit, the transfer of state property into the ownership of private persons increases efficiency and creates jobs. Privatization of state property encourages the flow of foreign investments in a country, thus, having clear rules and regulations on the privatization process is of utmost importance.

1.2 Privatization plays a crucial role in the development of Georgia’s economy as well. In order to develop and manage the privatization process, in 2012, the National Agency of State Property (the “National Agency”) was established within the system of the Ministry of Economy and Sustainable Development of Georgia, the primary function of which is to carry out the privatization process of state property and manage state-owned companies. For instance, the recent statistics show that in 2012-2018, the amount of the purchase price generated through privatization equaled to average annual GEL 80,000,000.00. Investments made through the privatization of state property bring more capital and jobs to the economy of Georgia besides the actual purchase price of state property.

1.3 The idea of the present brochure (the “Brochure”) is to provide general information on the privatization process in Georgia for local and foreign investors. For that purpose, this document is divided into several sections: first, the Brochure provides the information about the legislative framework and the main legislative instruments on the privatization process in Georgia; second, the document reviews the main elements of privatization, including the persons that are allowed to participate in privatization, properties that are subject to privatization, basic forms of privatization; third, the Brochure separately provides the rules applicable to the privatization process in local municipalities; fourth, the Brochure briefly reviews the rules relating to public and private partnership; and finally, the document will provide the concluding remarks.

2. LEGISLATIVE FRAMEWORK ON PRIVATIZATION

2.1 Privatization in Georgia is primarily regulated by the Law of Georgia on State Property (the “State Property Law”).

2 There are also other primary and secondary legislations that consist of various rules applicable to the privatization process. This section briefly provides a list of the most relevant laws and regulations where an interested person can look for information on the privatization process in Georgia.

2.2 Law of Georgia on State Property – the State Property Law is a primary source where an interested person can find most of the rules applicable to privatization. This law regulates relationships relating to the management, disposal and transfer for usage of state property, including the privatization process. Any interested person can find the information in the State Property Law relating to such matters as types of properties that are subject to privatization, types of entities and persons that can participate in the process of privatization, different

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1 The 2018 Official Report of the National Agency. Available at: www.nasp.gov.ge
2 The official versions of all the laws and regulations specified in this document are available at: www.matsne.gov.ge
forms of privatization, issues related to a privatization agreement and a list of the webpages where online auction on the privatization of state property takes place.

2.3 Organic Law of Georgia - the Code of Local Municipality – the Organic Law of Georgia – the Code of Local Municipality (the "Code") generally sets forth the rules applicable to the local municipalities in Georgia. As property can be in the ownership of the state or a local municipality, Chapter XIII of the Code specifies the types of properties that can be owned by a local municipality in Georgia. Chapter XV of the Code prescribes the rules applicable to the privatization process carried out in a local municipality, including the types of properties that a local municipality can privatize and a natural/legal person that can participate in the process. Moreover, this chapter specifically prescribes the rules applicable to the privatization process in the capital city of Georgia – Tbilisi.

2.4 Organic Law of Georgia on the Ownership of Agricultural Land – as there are quite a few investors interested in investing in agricultural land in Georgia, the Organic Law of Georgia on the Ownership of Agricultural Land (the "Agricultural Land Law") should be the subject of interest. This law is of particular importance since it sets out who can be an owner of agricultural land in Georgia and prescribes various restrictions with respect to foreigners and legal persons whose dominant shareholder is a foreign citizen. Thus, an interested person, especially a foreign investor should check the provisions of the Agricultural Land Law before he/she decides to make an investment in agricultural land in Georgia. The Law of Georgia on Determining the Status of Land and Sustainable Development of Agricultural Land and in particular provisions relating to an investment plan shall also be taken into account in relation to purchase of agricultural lands.

2.5 Other subordinate legislations – the privatization process is primarily regulated by the laws set out above in this section. However, there are various subordinate legislations (decrees) that are adopted on the basis of the provisions of the laws specified above and they consist of different aspects relating to the privatization process. To name a few, the Decree 1-1/280, dated 7 July 2015, of the Ministry of Economy and Sustainable Development of Georgia on the form of sales agreement regarding the privatization of the immovable and movable property owned by the state in the form of unconditional auction; the Decree 1-1/1487, dated 7 September 2010, of the Ministry of Economy and Sustainable Development of Georgia on the disposal of state property in the form of public auction; the Decree #1-1/172, dated 10 February 2011, of the Ministry of Economy and Sustainable Development of Georgia on the rules applicable to the disposal of state property and transfer of usage rights by electronic auction; the Decree #1-1/1596, dated 1 October 2010, of the Ministry of Economy and Sustainable Development of Georgia, on the particular forms of privatization of state-owned shares and the transfer of these shares to other persons for management; and the Decree #1-1/1537, dated 16 September 2010, of the Ministry of Economy and the Sustainable Development, on the privatization of state property in the form of direct selling.

3. MAIN ELEMENTS OF PRIVATIZATION

For an interested person/investor intending to purchase state owned property, the following elements should be the main point of interest: (1) the properties that are subject to privatization; (2) the persons that are allowed to participate in the privatization process; (3) the formation of a privatization agreement – without or with investment conditions attached to
Properties that are Subject to Privatization

State property consists of immovable and movable property and intangible good. All of these properties are generally subject to privatization with certain exceptions. The State Property Law explicitly proscribes the privatization of certain types of properties because of their importance. Some examples of such properties include continental shelves, water resources, and museums with special importance, and roads. The full list of the properties prohibited to privatize is prescribed in Schedule 1 annexed to this Brochure.

There are specific rules and restrictions applicable to the privatization of an agricultural land plot. According to the Agricultural Land Law, Georgian citizens can freely own agricultural land. As for a foreign citizen, he/she can own an agricultural land plot in Georgia only in the following circumstances: if a foreigner receives an agricultural land plot in inheritance or he/she is a dominant shareholder of a private law company based on an investment plan, which is agreed with the Government of Georgia. A dominant shareholder is defined as a person or a group of persons owning more than 50 per cent of the share capital and/or represents majority of shareholders and at the same time has a practical opportunity to have decisive impact on the decision of a company. An investment plan refers to investment projects of any kind including touristic projects intending to create jobs and develop the economy of Georgia. Thus, although there are some restrictions with respect to the ownership of agricultural land, a foreign citizen can still purchase an agricultural land plot through the privatization process for the purposes of making different investment projects that are agreed with the Government of Georgia. The Government of Georgia approves such investment plans rarely on exceptional basis.

Persons that are Allowed to Participate in Privatization

Generally, state property can be purchased by the following persons:

3.3.1 (a) A citizen of Georgia;
(b) A citizen of a foreign country (with the restrictions that are discussed in Section 3.1 above);
(c) A legal person or partnership of commercial law, in which the state or a local municipality owns less than 25 per cent of the share capital;
(d) A non-commercial legal entity established by other person or state or jointly by other person and the state;

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3 Article 2(a) of the State Property Law.
4 Article 2(a) of the State Property Law.
5 Ibid. Article 4.(d).
6 Ibid. Article 4.(e).
3.4 The Formation of a Privatization Agreement

3.4.1 One of the main elements, by which an investor gets the title on a state property is the formation of a privatization agreement. There are different rules and timelines applicable to the formation of a privatization agreement on different types of properties, including immovable and movable property and intangible good.

3.4.2 The privatization of immovable property involves the formation and registration of a respective agreement in the National Agency of Public Registry (the “Public Registry”). Such an agreement on the privatization of immovable property can be formed without or with investment conditions attached to it. If investment conditions are attached to such an agreement, these conditions are registered in the Public Registry as well and they will be publicly available. Once investment conditions are performed, the respective record from the Public Registry will be removed and the title to the privatized property will be free of any investment conditions.

3.4.3 A privatization agreement on immovable property shall be concluded within 45 days from the respective auction, and in the case of direct selling of immovable property by the Government of Georgia – within 3 months from the adoption of a respective legal act. In the case of privatization by auction, a buyer shall pay the privatization price within the timeline set by a privatizing body, which shall not be less than 7 calendar days and more than 2 calendar years and the payment document shall be submitted to the respective privatizing body. There is no timeline specified in the case of privatization by direct selling. Within 30 calendar days from the submission of the payment document, the privatizing body issues a written or electronic document, which certifies the performance of respective obligations.

3.4.4 With respect to a privatization agreement on movable property, such an agreement shall be concluded within 45 days from the respective public auction, and in the case of direct selling of immovable property by the Government of Georgia – within 3 months from the adoption of the respective legal act. In the case of privatization by electronic auction, a delivery-acceptance act is formed between a privatizing body and a buyer.

3.4.5 In the same manner, the privatization of shares requires the formation of a privatization agreement. Such an agreement shall be concluded within 45 calendar days from the respective auction and in the case of direct selling by the Government of Georgia – within 3 months from the adoption of the respective legal act. The title on privatized shares is transferred after its registration at the respective registry. However, the requirements relating to the formation

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7 Article 3.1 of the State Property Law.
8 Ibid. Article 3.1.
9 Ibid. Articles 3.1.3 and 3.1.4.
10 Ibid. Article 3.1.5.
11 Ibid. Articles 31.3 and 31.7.
12 Ibid. Article 45.3.
of a share-purchase agreement and the respective timeline do not apply to the situation when shares were privatized on an international capital market.  

3.5 **Forms of Privatization**

3.5.1 There are different forms (ways) of privatization of state property. The main forms of privatization are as follows: (a) electronic or public auction; (b) direct selling and direct selling on a competitive basis; (c) free of charge; and (d) on an international capital market. This section will discuss each of these forms below.

*Electronic and Public Auction*

3.5.2 The idea behind privatization of state property by auction is to transfer the title to a person who makes the highest bid in the process of auction and if auction is announced with certain conditions – to a person who undertakes the performance of such conditions and makes the highest bid as well. Privatization by auction can be electronic or public, although the practice suggests that public auctions are quite rare and privatization usually takes place via the webpages specified below since electronic auctions are simpler, faster, more transparent and less bureaucratic comparing to public auctions. A person that wishes to participate in auction shall submit an unconditional and irrevocable bank security/down payment. The amount of such a security/down payment is determined by a privatizing body. In the case of electronic auction, an unconditional and irrevocable bank security shall be submitted electronically.

3.5.3 Auctions are administered by the National Agency. Information on auction is advertised on the following webpages, which is considered as an official announcement:

(a) www.eauction.ge – this is the official webpage created by the Service Agency of the Ministry of Finance of Georgia, which has been used for the alienation of state property since 2010. In addition to the selling of state property, people are allowed to sell and buy private property as well. The webpage is available in Georgian and English languages and an interested person can find advertisements about auctions on different properties, including immovable, movable and intangible properties. Interested persons shall register on the webpage to be able to start bidding on the available items of auction.

(b) www.nasp.gov.ge – this is the official webpage of the National Agency. The National Agency’s powers include privatization of state property and management of state companies.

(c) www.auction.tbilisi.gov.ge – the official webpage of Tbilisi City Municipality State Property Agency which is used for alienation of property owned by Tbilisi City Municipality.
3.5.4 The State Property Law envisages the possibility of public auction, even though in practice the privatization of state property is carried out electronically on the webpages specified above. In the case of public auction, information shall be published on a periodical magazine, which shall be published at least 5 times a week and distributed in the whole territory of Georgia.  

Information on public auction can be advertised on the webpages specified above as well.  

Direct Selling and Direct Selling on a Competitive Basis

3.5.5 The purpose of privatization by direct selling is to transfer the title to a person who performs fully and in good faith the conditions of privatization by direct selling specified by the Government of Georgia. With respect to direct selling on a competitive basis, the purpose is to identify a potential investor on a competitive basis, who fulfills the conditions fully and in good faith.  

In other words, direct selling on a competitive basis involves a competition between the persons wishing to participate in competition contrary to direct selling where the property is transferred to a person without competition. Both forms of privatization are carried out on the basis of the decision of the Government of Georgia.

3.5.6 Direct selling on a competitive basis is possible if the following conditions are met:

   (a) There are multiple investment conditions; and
   (b) The conditions proposed by interested parties are alternative.  

3.5.7 Direct selling on a competitive basis has the following stages:

   (a) Announcement of privatization by direct selling on a competitive basis with the respective conditions in public media;
   (b) Expression of interest to participate in privatization. The timeline for expressing such an interest should not be less than 30 days from the announcement of privatization;
   (c) Submission of an unconditional and irrevocable bank security or payment of the deposit in the amount of 10% of the purchase price by an interested investor before the deadline of submitting an application;
   (d) Reviewing of the submitted applications by the National Agency and issuing of a reasoned proposal on privatization on a competitive basis to the Government of Georgia; and
   (e) Adoption of the final decision by the Government of Georgia.  

3.5.8 An interested person who wishes to participate in direct selling or direct selling on a competitive basis, shall submit to the National Agency:

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17 Ibid. Article 5.1.
18 Article 2.3 of the Decree 1-1/1487, dated 7 September 2010, of the Ministry of Economy and Sustainable Development of Georgia on the Disposal of State Property in the form of Public Auction.
19 Article 1.3 of the Decree 1-1/1537, dated 16 September 2010, of the Ministry of Economy and Sustainable Development of Georgia on the privatization by direct selling.
20 Ibid. Article 1.7.
21 Ibid.
(a) An application;
(b) A copy of ID or constituent documents (in the case of a legal person); and
(c) Any other documents, which may be requested by the National Agency, including financial documents. 22

3.5.9 Free of Charge

The Government of Georgia may decide to privatize state property free of charge. However, privatization without charge is possible only in specific situations when state property is transferred to displaced people/refugees from the occupied territories of Georgia. 23

International Capital Market

3.5.10 This specific form of privatization is applicable to the privatization of shares owned by the state. The decision on this form of privatization is made by the Government of Georgia based on the substantiated opinion of the Property Manager which is the Ministry of Economy and Sustainable Development of Georgia or the National Agency or a body with the delegated power from the Ministry or the National Agency. By the decision of the Government of Georgia, privatization conditions are determined, which shall contain:

(a) The amount of shares (quantity or percent) or maximum or minimum threshold of shares that can be privatized;
(b) The price of shares; and
(c) The main date for the formation of a purchase agreement; other conditions for obtaining the title on shares.

3.5.11 The title on the shares will be transferred and the money will be paid in accordance with the rules specified in a decree of the Government of Georgia. 24

4. PRIVATIZATION OF DIFFERENT TYPES OF PROPERTIES

This section will discuss the forms that are used in the privatization of agricultural land, immovable property (except agricultural land), movable property and intangible good together with specific rules applicable to the privatization of these properties.

4.1 Privatization of Agricultural Land

4.1.1 Privatization of agricultural land can be carried out through the following forms of privatization: 25

(a) Auction;
(b) Direct selling – either just direct selling or direct selling on a competitive basis;

22 Ibid. Article 2.
23 Article 6. 3 1 of the State Property Law. Pursuant to the Judgment #1/1/811, dated 3 July 2018, of the Constitutional Court of Georgia, religious organizations in Georgia may receive state property for free.
24 Ibid. Article 45. 1.
25 Ibid., Article 2.
4.1.2 Privatization of agricultural land by auction is carried out by the Property Manager. The privatization of agricultural land that is not leased out by auction may be initiated by a citizen of Georgia, a legal person of commercial law registered in Georgia (except a legal person of commercial law registered in Georgia whose dominant shareholder is a foreigner – such legal person can only participate in "b" and "c" forms of privatization of agricultural land mentioned above), the Property Manager, or any third person.

If a citizen of Georgia, a legal person of commercial law, or a third person wishes to initiate an auction on the privatization of agricultural land that is not leased out, they shall:

(a) Select an agricultural land plot that is not leased out and in case circumstances require they shall divide such an agricultural land plot in as a minimum 3 hectare portions;
(b) Make a detailed cadastral plan of this agricultural land plot and seek information about its category and quality; and
(c) Submit an application of expression of interest about the privatization of an agricultural land plot by auction to the National Agency.

Privatization of agricultural land by direct selling and on a competitive basis

4.1.4 See Paragraphs 3.5.5 - 3.5.8 about the procedure for the privatization of agricultural land by direct selling or direct selling on a competitive basis.

Free of charge

4.1.5 The State Property Law sets forth that an agricultural land plot can be transferred to the Orthodox Church of Georgia without any charge and displaced people/refugees from the occupied territories of Georgia.

4.2 Privatization of Immovable Property

4.2.1 The Government of Georgia may decide to privatize immovable property. Privatization of immovable property (besides agricultural land) can be carried out through the following forms of privatization:

- (c) Direct selling of agricultural land that is not leased out; or
- (d) Free of charge.

Privatization of agricultural land by auction

4.1.2 Privatization of agricultural land by auction is carried out by the Property Manager. The privatization of agricultural land that is not leased out by auction may be initiated by a citizen of Georgia, a legal person of commercial law registered in Georgia (except a legal person of commercial law registered in Georgia whose dominant shareholder is a foreigner – such legal person can only participate in "b" and "c" forms of privatization of agricultural land mentioned above), the Property Manager, or any third person.

If a citizen of Georgia, a legal person of commercial law, or a third person wishes to initiate an auction on the privatization of agricultural land that is not leased out, they shall:

(a) Select an agricultural land plot that is not leased out and in case circumstances require they shall divide such an agricultural land plot in as a minimum 3 hectare portions;
(b) Make a detailed cadastral plan of this agricultural land plot and seek information about its category and quality; and
(c) Submit an application of expression of interest about the privatization of an agricultural land plot by auction to the National Agency.

Privatization of agricultural land by direct selling and on a competitive basis

4.1.4 See Paragraphs 3.5.5 - 3.5.8 about the procedure for the privatization of agricultural land by direct selling or direct selling on a competitive basis.

Free of charge

4.1.5 The State Property Law sets forth that an agricultural land plot can be transferred to the Orthodox Church of Georgia without any charge and displaced people/refugees from the occupied territories of Georgia.

4.2 Privatization of Immovable Property

4.2.1 The Government of Georgia may decide to privatize immovable property. Privatization of immovable property (besides agricultural land) can be carried out through the following forms of privatization:

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26 "Not leased out" means that an agricultural land plot is not leased out to any person by a local municipality.

27 Ibid. Article 7.1.
28 Third person is defined by Article 2 of the State Property Law as a natural/legal person or a group of persons that support the privatization of state property.
29 Ibid. Article 8.1.
30 Ibid. Article 8.4.
31 Ibid. Article 11.
32 Ibid. Article 18.1.
4.2.2 The legislation envisages special conditions when investment conditions are attached to immovable property that is subject to privatization. In this case, a buyer has to provide an unconditional and irrevocable bank guarantee, which shall be at least 10 percent of the amount of the investment conditions and the validity period of the bank guarantee shall be at least 4 months more than the period for performance of the investment obligations. This bank guarantee shall be provided within 1 month from the auction and in the case of direct selling – before formation of a purchase agreement. This obligation does not apply to the privatization of state property in relation to the construction of power stations based on memorandums of understanding between an investor and the state. ³³

4.3 Privatization of Moveable Property
4.3.1 Movable property may be privatized by a state body/legal person of public law that uses this movable property or the property is registered on its balance. ³⁴ The forms that are used in the privatization of movable property are the following:

(a) Auction – public or electronic;
(b) Through a trading place, including an online shop; or
(c) Privatization through a third person. ³⁵

4.4 Privatization of Intangible Good
4.4.1 Intangible goods consist of shares, rights and claims that can be assigned or transferred to any third person and purpose of which is to gain material benefit.

4.4.2 Shares can be privatized in the following ways:

(a) Auction; ³⁶
(b) Direct selling or direct selling on a competitive basis; or
(c) International capital market. ³⁷

4.4.3 Rights and claims can be privatized in the following ways:

(a) Auction; or

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³³ Ibid. Articles 20.1 and 5.
³⁴ Ibid. Article 29.1.
³⁵ Ibid. Article 29.6.
³⁶ The detailed information of the procedures of auction on the privatization of shares is specified in the Decree 1-1/1596, dated 1 October 2010, of the Ministry of Economy and Sustainable Development of Georgia on the privatization of shares owned by the state.
³⁷ Article 42.3 of the State Property Law.
5. PRIVATIZATION IN LOCAL MUNICIPALITIES

5.1 Property can be in the ownership of a local municipality. Such property includes all types of properties – immovable, movable and intangible good. Property that is owned by a local municipality is divided into two general categories – basic and additional property. Basic property is a type of property that cannot be disposed of or privatized and it can only be used for public purposes. As for additional property, pursuant to Georgian legislation, a local municipality can privatize it. A list of the basic property that is prohibited to be disposed of is determined by the Government of Georgia based on the proposal of the Ministry of Economy and Sustainable Development. 38

5.2 Generally, the following persons can participate in privatization carried out by a local municipality (with the restrictions regarding the privatization of agricultural land as it is explained in Section 3.1):

(a) A natural person;
(b) A legal person; and
(c) An entity in which the state owns less than 25 per cent of the share capital. 39

5.3 The local municipalities, except the capital of Georgia, use auction (electronic/public) as the form of privatization. The following forms of privatization can be used in Tbilisi – the capital of Georgia:

(a) Auction (electronic/public);
(b) Direct selling;
(c) Direct selling on a competitive basis;
(d) Exchange. 40

5.4 In Tbilisi, a decision regarding the use of direct selling/direct selling on a competitive basis is adopted by the Government of Georgia based on the consent of the Tbilisi City Assembly. Such privatization can be with payment, and with or without certain conditions attached to it. 41 The Government of Georgia is authorized, based on the consent of the Tbilisi City Assembly, to transfer property that is in the ownership of Tbilisi to a natural/legal person in exchange for certain property (exchange). 42 With respect to privatization by auction, please see Paragraphs 3.5.2 - 3.5.4.

38 Article 106.1-7 of the Code.
39 Article 117.1 of the Code.
40 Article 118 of the Code.
41 Article 118.1-2 of the Code.
42 Article 118.1.5 of the Code.
6. PUBLIC AND PRIVATE PARTNERSHIP

6.1 Public and Private Partnership (the “PPP”) describes a relationship between the state and a private person, aim of which is to jointly carry out certain services/infrastructural projects. Although, there is no legislative definition how to differentiate privatization from PPP, privatization usually is one-sided, which means that the state transfers property to an investor and the investor carries out a project alone, while the PPP involves the participation of both sides, the state and a private investor, in the implementation of a project.

6.2 The PPP may include the privatization of state property. For instance, the state and a private investor carries out an infrastructural project and the investor retains the title on the property or when an investor receives the title on the certain amount of shares in a state-owned company and then the state and the investor jointly carry out certain projects. The PPP can take place in any fields, including energy, education, water supply, and infrastructure. As much as there are overlaps between the two, an interested investor should check the regulations relating to the PPP.

6.3 In 2018, the Parliament of Georgia adopted the Law of Georgia on Public and Private Partnership (the “Law on PPP”). The aims of the Law on PPP are to: increase the efficiency of project implementation; use know-how of a private person; enhance the efficiency of public financing; attract private financing; and meet public interests by creating new public infrastructures. 43 The Law on PPP established the Agency of Private and Public Partnership (the “PPP Agency”), aim of which is to identify and assess PPP projects. 44

6.4 The Law on PPP sets out the criteria, which shall be met, in order for a project to be classified as the PPP. These criteria include: duration, which shall not be less than 5 years; cost, which before 1 July 2020, shall not be less than GEL 5,000,000 and after 1 July 2020 – the amount that shall be determined by the Government of Georgia; the provision of a public service or the establishment and maintenance and/or operation of public infrastructure by a private partner; the distribution of risks between the state and a private partner; and full or partial financing of a project by a private partner. 45

7. CONCLUDING REMARKS

7.1 The Brochure above provided general framework and rules applicable to the privatization process in Georgia. Any interested person planning to participate in this process, shall review, consider and seek advice in relation to the laws and legislative acts specified in this document as well as any other regulations applicable to the privatization in Georgia.

43 Article 3 of the Law on PPP.
44 Article 9.2 of the Law on PPP.
45 Article 4 of the Law on PPP.
## PROPERTIES THAT ARE PROHIBITED TO PRIVATIZE

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<tr>
<th>LIST OF PROPERTIES THAT ARE PROHIBITED TO PRIVATIZE</th>
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<tbody>
<tr>
<td>1 Subsoil;</td>
<td>19 Property utilized by legal entities of public law where public schools and high educational and scientific institutions operate;</td>
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<tr>
<td>2 Water resources;</td>
<td>20 Berths, hydro technical buildings, lighthouses, light signals and waters of seaports of special importance;</td>
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<tr>
<td>3 Territorial waters;</td>
<td>21 Motorways (in case of absence of a road of alternative importance);</td>
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<tr>
<td>4 Continental shelf;</td>
<td>22 Means of operation and control of air navigation;</td>
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<td>5 State forest fund except the forests of former collective and Soviet farms within the borders of settlements;</td>
<td>23 Runways of special importance;</td>
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<td>6 Air space;</td>
<td>24 Frequency spectrum;</td>
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<td>7 State reserve territory;</td>
<td>25 Georgia's position in the geostational orbit;</td>
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<td>8 National park;</td>
<td>26 State pantheons;</td>
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<td>9 Monument;</td>
<td>27 Property designated for deploying the Prosecutor's Office of Georgia, the Ministry of Defense and Ministry of Internal Affairs of Georgia and Special State Protection Service of Georgia in accordance with the rules provided by the Georgian legislation;</td>
</tr>
<tr>
<td>10 Protected territory;</td>
<td>28 State owned agricultural land of the following type:</td>
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<tr>
<td>11 Special regulated territories and/or zones determined by the Government of Georgia;</td>
<td>a) Pastures; except the pasture leased out before July 30, 2005 and pasture that is attached to the buildings owned by natural or/and legal persons or/and the State on basis of legal act adequately issued by the relevant administrative body</td>
</tr>
<tr>
<td>12 Objects of historic, cultural and artistic value approved according to the established rule, buildings and facilities of cultural and artistic purpose, also plots of land where the above mentioned objects are located, without adequate conditions and agreement with the Ministry of Education, Science, Culture and Sport of Georgia;</td>
<td>b) Domestic animal routes;</td>
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46 Article 4 of the State Property Law.
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<td>14</td>
<td>State archives of special historic and cultural importance;</td>
<td>d) Land designated for historic, cultural, nature and cultic and religious monuments;</td>
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<tr>
<td>15</td>
<td>State fund of cinema, photo and audio documents of special importance;</td>
<td>e) Land designated for historic, cultural, nature and cultic and religious monuments;</td>
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<td>16</td>
<td>Special archives and funds of the ministries (entities) and scientific and research institutions of Georgia;</td>
<td>f) Land of protected territories except protected landscape and the territory of multiple usage;</td>
</tr>
<tr>
<td>17</td>
<td>Museum collections and funds of special importance;</td>
<td>g) Agricultural land used by budgetary organizations and legal entities of public law in the form of usufruct;</td>
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<tr>
<td>18</td>
<td>House-museums of special importance;</td>
<td>h) Plots of land adjacent to Georgian rivers - Enguri, Rioni, Kvirila, Mtkvari, Khrami, Tergi, Ksani, Aragvi, Supsa, Bakhvistskali, Khobi (Khobistskali), Tekhura, Tskhenistskali, Dzirula, Nenskra, Kintrishi, Jejori, Khanistskali, Gubazeuli, Paravani, Stori, Nakra, Kheleduli, Jonouli, Sakauri, Chakvistskali, Tsablarastskali, Samkuristskali, Magani, Pirikita Alazani, Avaniskhevi, Dumali, Chelti, Chveshuri (Chashuri), Duruji, Chkhorotsku, Iori, Lebarde, Tsachkhuri, Bzholiskhevi, Chaniistskali, Merisi (Akavreti),</td>
</tr>
<tr>
<td>19</td>
<td>Property used for performing dispatching activity in the energy sector;</td>
<td></td>
</tr>
</tbody>
</table>

* Properties specified in 28(b)-(d) and (h) can be privatized only in case of implementation of important projects by special decision of the Government of Georgia which is issued pursuant to the submission of the property manager. The privatization of land situated in 28(c) above is allowed only if observance of the conditions of sanitary protection is guaranteed.

* Agricultural land situated in 28(b) and (d) can be privatized to homeless Georgian citizens forcefully dislocated from the occupied territories of Georgia.