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Georgia
Judicial Assessment

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CURRENCY EQUIVALENTS

(as of April 1998)

Currency Unit	=	Lari
US$1	=	1.33

WEIGHTS AND MEASURES

Metric System

ABBREVIATIONS AND ACRONYMS

ADR	--	Alternative Dispute Resolution
CGJ	--	Courts of General Jurisdiction
MOJ	--	Ministry of Justice
MOF	--	Ministry of Finance
NGO	--	Non-Governmental Organization
TSU	--	Tbilisi State University

GEORGIA - FISCAL YEAR

January 1 - December 31

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GEORGIA: JUDICIAL ASSESSMENT

Background

The Georgian Parliament's 150 to 4 vote on June 13, 1997, in favor of a new Law on the Courts of General Jurisdiction ("Law on the Judiciary") reflected a remarkable national consensus that a modern democratic state with a market economy requires a judiciary that is competent, independent of the other branches of government and trusted by all parties.

At independence from the Soviet Union, Georgia inherited a judiciary without any of these attributes. Its judiciary was subordinate to the executive branch in both criminal and civil matters, and it was neither independent nor respected as a venue for resolving disputes. Being a judge was not considered a prestigious legal career. Judges were poorly compensated and usually were selected for their willingness to carry out state orders, rather than perform impartial dispensation of justice guided by the principles of the rule of law.

Georgia's leaders recognize that the country will need help in implementing the challenging transformation of its judiciary. This report describes Georgia's present judicial system and the process of reforms designed to increase its effectiveness and responsiveness to the dispute resolution needs of the general public and the business community. It also recommends key measures to be undertaken to assist the reforms.

The structure of this report is as follows: the Introduction describes the importance of legal and judicial reform in establishing a functioning market economy. Chapter II outlines the objectives of Georgia's judicial reform program and identifies key players. Chapter III summarizes the existing legal and institutional framework of the Georgian judiciary and compares it with the new institutions envisioned under the reform program. Chapter IV describes the functioning of the judiciary and the challenges of the judicial reform program. Chapter V covers judicial training. Chapter VI gives a description of traditional alternative dispute resolution (ADR) in Georgia and reviews the prospects for the introduction of modern ADR methods. Chapter VII examines access to justice, especially as it relates to rural areas, and the public perception of the judiciary. Chapter VIII covers issues of legal education in Georgia. Chapter IX summarizes the recommendations contained in the report.

I. Introduction

Georgia is a country of 5.4 million people surrounded by the Black Sea, Russia, Azerbaijan, Armenia and Turkey. After the break up of the Soviet Union in 1991, Georgia suffered from intense civil conflicts. Eduard Shevardnadze, invited to return to Georgia in early 1992 and elected Chairman of Parliament in October 1992, played a major role in the mediation and

reconciliation among the warring political and paramilitary factions, and was elected President in November 1995. Since late 1993, armed conflicts have abated and Georgia has experienced a remarkable social and economic turnaround through economic stabilization and structural reform programs.

In the past three years, immense progress has been made in Georgia towards the establishment of a coherent legal framework supportive of a market economy. A great number of important new laws and regulation has been adopted. The country, however, still faces a great challenge of implementing reforms needed to make those changes part of its institutional and legal culture. In establishing a society governed by the rule of law, Georgian authorities need to make the public understand and accept such principles as transparency, predictability, accountability, fairness and legal certainty. The internalization of these concepts by the public and state institutions alike is a necessary precondition for developing the kind of trust between the state and its people that underlies socially and commercially viable market economies.

Increasing respect for the law and the institutions vested with its implementation and enforcement is crucial to private sector growth. If the private sector does not trust the state to enforce rules governing business activities, investment will suffer. As documented in the World Bank's 1997 World Development Report: *The State in a Changing World*, entrepreneurs are unlikely to commit resources in highly uncertain and volatile environments. One of the most important functions of the state is to provide an institutional infrastructure that assures property rights and enforcement of contractual claims, law and order, mechanisms for resolution of disputes, and rules that encourage efficient long-term investment.

The June 13, 1997 Law on the Judiciary[1] brought Georgia's legal reform process to an important new stage. It presents a coherent vision of a new Georgian judiciary and lays the groundwork for the development of institutions that should carry out systemic change in this important branch of government. Bringing this piece of legislation to life is a great challenge. The courts responsible for the enforcement of the new laws, regulations and processes need to be staffed with individuals who are committed to carrying out their responsibilities professionally and honestly. The judges and other court personnel need to undergo a fundamental change in orientation: from one asserting power over people to one rendering a dispute resolution service to the public. To make this transformation a success, the 'consumers' of the law, private individuals and the business community, need to participate in the development and implementation of the new legal system. Georgian authorities have recognized the need for the public to learn how to use the legal system and, especially, the judiciary and develop trust in its competence, fairness and impartiality.

[1] The Parliament passed minor amendments to the Law on September 3, 1997.

II. Judicial Reform in Georgia and Its Objectives

The enactment of the Constitution of Georgia on August 24, 1995, in particular the provisions of Chapter 5 dealing with the judiciary, was a crucial first step toward establishing the Georgian judiciary as an independent third branch of government. A Constitutional Court was established in September 1996 to rule on the constitutionality of all laws and regulations and provide a venue for all citizens and residents of Georgia to defend their constitutionally-guaranteed rights and freedoms.

By adopting the Law on the Judiciary, the Georgian Parliament took the next important step toward the establishment of an independent, corruption-free judiciary staffed with competent judges. To achieve this objective, the Law contains a broad reform agenda which focuses on the following areas:

- *Unifying the court system* by eliminating the Arbitrazh and Military Courts so that all jurisdiction over criminal, administrative and civil cases rests with Courts of General Jurisdiction.

- *Establishing an appellate jurisdiction* in the second instance courts to replace the present "cassation" procedure.

- *Transferring authority over the first and second instance courts from the Ministry of Justice (MOJ)* to the newly created Council of Justice and Supreme Court's Department of Material and Technical Supply. (As discussed later in this report, each entity will be responsible for certain aspects of the current responsibilities of the MOJ.) This transfer, important in the Georgian context for making the judiciary an independent third branch of government, covers all administrative, management, planning, financial, personnel and some disciplinary powers.

- *Appointment of a new cadre of judges and qualification, through examinations, of all sitting judges* with the expectation that, after the examinations, the Georgian judiciary would consist of judges of high professional standards and personal integrity whose salary will be set at a level at least equal to the salary of a member of Parliament.

The reforms in the judiciary will be complemented by the creation of modern alternative dispute resolution (ADR) methods, in particular private arbitration. This would provide an efficient additional mechanism for resolving commercial disputes. To that end the Law on Private Arbitration was adopted on April 17, 1997.

A number of the above steps are being implemented at the time of this writing; other steps will take up to two years to implement.

III. Legal and Institutional Framework of the Georgian Judiciary

This chapter presents an overview of the applicable legal framework for the Georgian judiciary, describes the institutional structure of the judiciary, and assesses the effectiveness of the current judicial system.

A. Legal Framework of the Judiciary

1. The Constitution

The Constitution of Georgia was adopted on August 24, 1995, after intense debates. It represents a political accord on issues of the separation of powers and on basic human rights and fundamental freedoms of citizens. The powers of the executive branch are subject to parliamentary controls in certain significant areas, such as a limit on the emergency powers of the President, the Parliament's authority to override a Presidential veto, and Parliamentary impeachment powers vis-à-vis the President. The President has veto power over legislative acts presented for his signature and the Parliament can over-ride such veto with a qualified majority.

The Constitution stipulates that the judiciary is independent and its functions are exercised only by courts. In a notable departure from a Soviet style judiciary, it provides for the equality of parties in all court proceedings, thus limiting the powers of the once omnipotent institution of procuracy. Under the Constitution, judges are independent and their decisions are subject only to the Constitution and the laws of Georgia. Any attempt to influence a judge's decisions is a punishable offense. The Constitutional Court is authorized to interpret the Constitution and rule on the constitutionality of normative acts.

The Constitution also mandates the Parliament to enact new civil and criminal procedure codes, legislate on the structure of the judiciary, and define the rights and obligations of local governments.

2. The Constitutional Court

The Constitutional Court was established in September 1996. Apart from the Constitution, the basis for its functioning is the Law on Constitutional Court, signed into law on January 31, 1996, and the Law on the Procedure in the Constitutional Court, signed into law on March 21, 1996. The court consists of nine justices, three each appointed by the Parliament, the President and the Supreme Court for a 10-year term without the right of re-appointment. The Court follows the German model with three types of jurisdiction: abstract review, concrete review, and a constitutional complaint procedure.

In the *abstract* review proceedings, the President of Georgia, other executive bodies, representative bodies of Ajara and Abkhazia and a group of parliamentarians may petition the Court to rule on the constitutionality of normative acts and the authority of state organs. Under the *concrete* review jurisdiction, the Constitutional Court reviews and decides upon constitutional issues which were referred to it by the Courts of General Jurisdiction. Under the

constitutional complaint procedure, individuals have the right to challenge the validity of normative acts they feel violate their constitutional rights. The Court's decisions are binding: if a normative act or its part is found unconstitutional, it loses its force on the date of the publication of the Constitutional Court's ruling.

Since its establishment in September 1996, the Constitutional Court has received more than 50 petitions, complaints and submissions, showing the important role this new institution plays in protecting individual rights, establishing due process, and determining the power balance among state organs. Among the major issues considered by the Court have been submissions from the Courts of General Jurisdiction on the constitutionality of normative acts pertaining to property rights. In a recent decision, the Court declared unconstitutional provisions of the Criminal Code on the expropriation of property. Another important decisions impacting the judiciary was the 1996 decision of the Court invalidating special procedural rules used by the Arbitrazh Courts.

3. Law on Normative Acts

The new Law on Normative Acts[2] adopted on October 29, 1996, defines the hierarchy of legislative and regulatory acts recognized under the Georgian legal system. It distinguishes between Constitution, organic and ordinary laws, Presidential edicts and decrees and Parliamentary resolutions on the one hand, and subordinate normative acts, such as ministerial or departmental decrees, on the other hand. The law stipulates that international treaties ratified by the Parliament rank third in the hierarchy of norms, following the Constitution and constitutional laws. It also establishes unified procedures for the drafting, adoption, promulgation, registration and systemization of legal norms. The law confers the responsibility for reviewing the compliance of draft subordinate acts with the overall legislation in Georgia on the Ministry of Justice. The law does not, however, designate an agency responsible for assuring consistency of draft laws with existing Georgian legislation.

Among the most important provisions of the Law on Normative Acts are: (i) limiting the decree-making power of the Executive to instances specifically authorized by law; and (ii) mandatory publication of all normative acts, which become valid only upon publication. During the Soviet era, the government and its departments and ministries often issued decrees and instructions that were binding, but were not published in any official source. The Law on Normative Acts also stipulates that in the event a law is repealed, the subordinate normative acts issued on its basis lose their legal force.

The Law envisions the creation of an Official Gazette. To establish a society governed by law in which laws and legal institutions are respected by the public at large, it is critical to have the applicable laws and regulations easily available and accessible to people. Otherwise, people cannot be expected to respect the law and legal institutions. Lack of respect can in turn frustrate any attempt at reforming the judiciary. Unavailability of periodically published legal texts has been an endemic problem throughout the former Soviet Union. The issuance of Official Gazettes

[2] A normative act is a binding legal norm of general application issued by an authorized body of the state in accordance with the procedures established by the Law on Normative Acts.

is a part of World Bank financed reform programs, for example, in Russia, Kazakhstan and some African countries.

In Georgia, most, but not all, laws are published in daily newspapers. The Parliament also publishes the acts it passes. However, publications do not reach all state agencies and courts, nor are they available to the public in adequate numbers. Most regulations of executive bodies are not widely published. Therefore, the professional and lay public does not have adequate means of establishing what the law at any given moment is. So far, the critical step of creating an Official Gazette has not been taken in Georgia.

> Recommendation: Create or designate an entity that will be responsible for the collection and systematization of normative acts and the publication and distribution of an Official Gazette.

4. Law on the Judiciary

The Law on the Judiciary outlines a comprehensive and ambitious reform program for the Georgian judiciary. As an "organic" law, its passage required a majority of the total number of deputies in the Parliament. As outlined in Chapter II above, the Law affirms the independence of judges and the judiciary from the other two branches of government. It envisions: the unification of the court system and specifies that the Courts of General Jurisdiction will be responsible for all civil, administrative and criminal matters; introduction of appellate jurisdiction; transfer of authority over courts from the MOJ to the Council of Justice (a new body created on the basis of this law to lead and manage the judicial reform process) and the Department of Technical and Material Supply of the Supreme Court (a new entity created on the basis of this law to manage and administer the court system); re-examination of all sitting judges; and elimination of corruption among the judiciary by, *inter alia*, increasing the salary of judges. Further, the Law specifies the division of original (first instance) jurisdiction between district courts for smaller civil, criminal and administrative cases and circuit (regional) courts for larger cases; and defines the authority and jurisdiction of district, regional and appellate courts. The law gives the President of Georgia broad powers over the judiciary, especially in the area of appointments. His powers include the Chairmanship of the Council of Justice.

The Law on the Judiciary specifies that the Council of Justice will establish a *Qualification and Examination Commission* which will prepare and carry out the qualification examinations of all sitting judges[3]. The composition and rules of the Commission and the schedule and program of the re-qualification examinations will have to be approved by the President of Georgia. In November 1997, the Commission issued a public announcement on the re-qualification

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[3] At this writing, the examination schedule, initially planned to take place between November 1997 and May 1998, was extended by three months through an amendment to the Law. Due to capacity constraints, the qualification examinations will have more than one round. As a result, a certain number of current judges will stay on until there are new candidates appointed for their posts. At this writing, it is not clear which criteria will be used to select the judges that would stay on during the transition period.

examinations. All sitting judges and new applicants will be required to pass the examination before they can be appointed by the President to the bench.

International experience has demonstrated that life tenure for judges is one of the most important mechanisms for ensuring the independence of the judiciary. With life appointments, judges are insulated from political pressures and job insecurity and are more likely to be independent in their decision-making. Georgian reformers opted for a ten-year tenure for judges, combined with other guarantees of judicial independence, such as a salary equal to that of the parliamentarians, life-time pension, and fair process of appointment. It remains to be seen whether this will be sufficient to ensure the independence of judges in their decision-making. Otherwise, thought may be given to changing the ten-year policy into a life term.

The Law on the Judiciary is a major achievement toward establishing an independent judiciary in Georgia. The realities of the judiciary will only be changed, however, through the implementation of measures and establishment of structures which comply with the spirit of the Law. The Law gives an overall road map for the key implementation measures, but leaves a number of important areas open for future determination, such as the relationship between the Council of Justice and the Department of Material and Technical Supply of the Supreme Court.

5. Procedural Laws

A new *Civil Procedure Code*, prepared with the assistance of German experts, and a *Criminal Procedure Code* are under discussion in the Georgian Parliament. Once adopted, these acts will replace the Soviet-era procedure codes that provided for an unequal position of parties in both civil and criminal cases, with the state (through the Procuracy) always assuming a dominant role. The adoption of new procedure codes will be critical for the success of judicial reform and the establishment of the rule of law in Georgia.

To replace the Soviet system of administrative discretion, a new code of *administrative procedure* needs to be drafted and enacted as a reform measure of the highest priority. The new administrative code should provide an effective mechanism for citizens to challenge decisions taken by the administrative authorities.

> Recommendation: A team of Georgian experts should be appointed and charged with the preparation of an administrative procedures code. This team should obtain training and assistance from experts, including foreign experts, in administrative procedures.

On June 25, 1996, the Parliament adopted the *Law on Bankruptcy Proceedings*, drafted with German assistance. Despite the Law being on the books for over a year, there have been only a few cases of bankruptcy proceedings so far. The reported reasons seem to be connected primarily to the overall state of the judicial system. Creditors doubt the competence, fairness and impartiality of the judicial process to efficiently organize bankruptcy proceedings.

With increasing economic activity, the Georgian courts are expected to be confronted with a substantial caseload of insolvencies in the near future. Under the Law on the Judiciary, the Courts of General Jurisdiction will be responsible for handling bankruptcy cases. While court reform in this area will not in and of itself be able to expand the use of bankruptcy as remedy for creditors, judges need to be trained and court capacity developed to handle the expected increase in insolvency cases.

> Recommendation: Courts will need to devote sufficient resources and capacity, including trained judges and personnel, to bankruptcy cases to handle the potentially large agenda in this specialized area of law. The capacity building should be accompanied by a targeted public awareness and education campaign about bankruptcy, its mechanics and its role in a modern market economy.

6. Key Substantive Laws Regulating Economic Activities

By far the most important substantive piece of recently adopted legislation is the new *Civil Code*, drafted with German assistance. It was promulgated on July 15, 1997, and has become effective on November 25, 1997. The Civil Code replaces a number of key pieces of legislation adopted between 1991 and 1997, including the laws on property rights, secured transactions, leases, insurance, contracts and legal persons.

The *Law on Entrepreneurial Activity*, also drafted with German assistance, defines the different types and legal organization of companies. The registration function is given to the Courts of General Jurisdiction.

On June 25, 1996, the Parliament adopted an *Antimonopoly Law* which calls for the establishment of an Antimonopoly Office at the Ministry of Economy. The Antimonopoly Office was established at the end of 1996. To date it has not heard any cases. Among the main reported reasons for the lack of cases are the shortcomings of the actual law (unclear definitions of competition, monopolistic position, etc.) and a lack of institutional capacity to determine abuses of market power.

7. Law on the Office of the Ombudsman

The Law on the Ombudsman was adopted on May 16, 1996, mandating the appointment of an Ombudsman by the Parliament for a five-year term, with the right of re-appointment. The main function of the Ombudsman will be monitoring the human rights situation in Georgia. The Ombudsman is supposed to consider and investigate complaints by individuals and submit recommendations to the President, the Parliament, or other state entities. The Ombudsman's authority includes representing individual cases concerning the violation of constitutional rights in the Constitutional Court. The office of Ombudsman was vacant for a year and a half after the

adoption of the law. At the end of 1997, an Ombudsman was appointed. It remains to be seen whether or not this office, new in the Georgia context, will develop into an important entity protecting individual rights.

8. Law on the Procuracy

Pursuant to the Constitution, the Procuracy is a part of the judiciary. Under the Soviet system, the Procuracy was an omnipotent entity, supervising the legality of all administrative organs, citizens, enterprises and courts. It was part of the executive branch with broad powers in criminal and civil matters. In a departure from the Soviet model, the Georgian Constitution limits the role of the Procuracy to performing capital prosecution, supervisory investigation, enforcing sentences and prosecuting state indictments. It does not envision any role for the Procuracy in civil proceedings, nor does it allow the Procuracy to appeal civil judgments that have entered into force. The specific authority, organization and procedure of the Procuracy are determined by the 1996 Law on the Procuracy.

B. The Current and Envisioned Institutional Structure of the Judiciary

1. Courts of General Jurisdiction

a) Courts of First Instance

Currently, the first instance jurisdiction is vested in *district* courts. There are 84 district courts in Georgia, one in each administrative district, staffed with 314 judges. The district courts hear both civil and criminal cases. Judges, especially in smaller courts, adjudicate both civil and criminal cases. In addition, each district court has one administrative judge whose tasks include the registration of companies.

The Law on the Judiciary introduces a two-tier system of district and circuit first instance courts. Jurisdictional structures of the judiciary are set forth in Annex A. *District* courts will handle misdemeanors, minor offenses and civil suits with claims up to an amount to be determined in a new Civil Procedure Code. District courts, consisting of at least two judges, will also be vested with administrative jurisdiction.

Circuit courts will handle larger cases, in panels of three judges. The Law envisions the creation of nine circuits. The chairpersons of the first instance courts will be appointed by the President of Georgia on the recommendation of the Council of Justice.

b) Courts of Second Instance

Currently, there is no *appellate* jurisdiction[4] in Georgia. Instead, the Tbilisi City Court and the High Courts of Ajara and Abkhazia have a mixed *cassation*[5] and *supervision*[6] review

[4] Under appellate jurisdiction, the reviewing higher instance court has the power to review all aspects of the lower court ruling, including evidence presented, procedural irregularities and legal reasoning.

jurisdiction. The strict requirements of cassation make it difficult to get a cassation appeal accepted. Outside of Ajara, Abkhazia, and the Tbilisi Region, parties have to submit their cassation appeals directly to the Supreme Court.

The Law on the Judiciary envisions a second instance appellate jurisdiction to be carried out by four appellate courts that will be created in Tbilisi, Kutaisi, Ajara, and Abkhazia. Each of these courts will have civil, criminal and administrative panels of at least three judges. The number of judges, as well as the appointment of the chairpersons of these courts, will be determined by the President of Georgia on the recommendation of the Council of Justice. In the case of second instance courts in Ajara and Abkhazia, the proposals will be made by the Council of Justice of Georgia. The appointment is then made by the local representative body.

Recommendation: A phased program for the establishment of the new first instance (circuit) and second instance (appellate) courts needs to be formulated. This program should assess the financing, staffing, and training needed to establish and operate these courts.

c) The Supreme Court

The 39-judge Supreme Court is the highest judicial body. It consists of a Plenum (plenary session), a Presidium, and Civil and Criminal Chambers[7]. Currently, it reviews cases under the cassation and supervision review procedures. The combination of the cassation with the supervision review procedures makes the review process non-transparent and lengthy. Especially the supervision review, currently available in civil and criminal matters alike, increases legal uncertainty.

The Law on the Judiciary envisions the creation of three main Chambers: Civil, Criminal, and Administrative for cassation review. It will also have a Supervision Chamber for criminal cases. It is not clear from the Law whether the supervision jurisdiction of the Supreme Court will also apply to civil cases.[8] For a transition period of two years, until circuit courts are established and fully functional, a special Civil Law Panel in the Supreme Court will adjudicate civil cases in excess of 100,000 Lari (approximately $80,000).

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[5] Under cassation review, the higher instance court's power is limited to issues of law and procedure. Unlike in the appellate procedure that will be introduced as part of the undergoing reform, the court cannot review facts.

[6] The supervision review jurisdiction, which is vested in the Supreme Court and the current three second instance courts (Tbilisi, Ajara ad Abkhazia), is an extraordinary legal remedy with no time limits for submission. Any unsatisfied party can petition either the Chairman of the Supreme Court or the Prosecutor General with a request for a supervision review. If initiated, the supervision court can either return the case to the lower level court, modify or overturn it.

[7] The Criminal Chamber in the Supreme Court functions as the first instance court for the most serious criminal offenses which can then be reviewed by the Presidium of the Court. The Chamber also serves as a cassation instance for all other criminal cases.

[8] Questions have been raised about the supervision review jurisdiction of the Supreme Court as defined in Article 41 of the Law on the Judiciary. It is not clear whether review of newly discovered circumstances applies only to criminal cases or also to civil cases. It is expected that the Civil Procedural Code will clarify this point.

Under the Law on the Judiciary, the role of the Supreme Court will be increased to fulfill more political and administrative functions. On the political level, the Supreme Court in its plenary session appoints three members of the Constitutional Court, decides issues related to impeachment procedures of the President and appoints one member of the Council of Justice. The Plenum of the Supreme Court also prepares and publishes recommendations on judicial practice in order to form a unified judicial practice. This function is not compatible with an independent judiciary and it seems that it is not commonly exercised. Since, under different circumstances, this authority could be misused to curtail judicial decision-making independence, it should eventually be eliminated through an amendment to the law on the judiciary.

The most important change in the administrative functions of the Supreme Court comes from the provisions in the Law establishing the *Department of Material and Technical Supply.* The Department will be the principal administrative and management body of the court system. It will fulfill most of the functions previously discharged by the Ministry of Justice, including the preparation of the budget and managing and supervising finances of the court system. The Department will also be responsible for the court infrastructure, administration, management and statistics, and the provision of the texts of laws and other legal materials for the judges.

> Recommendation: The Department of Material and Technical Supply should obtain technical assistance to develop sufficient capacity to plan, organize, administer, and manage the court system, including the judiciary's budget and statistics. In doing so, it should devise procedures which would assure that, to the extent possible, court administration is carried out by professional administrative personnel so judges can focus on their judicial responsibilities. Also, the Department should be accountable to the judges for the performance of its functions.

2. Arbitrazh Courts

The system of Arbitrazh Courts, eliminated in late 1997, was a legacy of the Soviet central planning system. The former State Arbitrazh, established in 1932, the predecessor of the Arbitrazh Courts, had been a quasi-judicial executive agency vested with resolving disputes among state enterprises. The Arbitrazh courts used a procedure distinct from general courts.

The recently eliminated system of Arbitrazh Courts consisted of the High Arbitrazh Court of Georgia and Arbitrazh Courts of the two autonomous republics of Ajara and Abkhazia. A description of the functioning of the Arbitrazh Courts are in Annex C. Since the establishment of new private companies and privatization of state enterprises, the Arbitrazh courts had official jurisdiction over all disputes among registered companies. Despite their official authority, their status gradually eroded. The Law on the Judiciary transferred their jurisdiction to the Courts of General Jurisdiction as of November 25, 1997.

3. Ministry of Justice

Previously, the Ministry of Justice (MOJ) had the sole authority over the financing, planning, management and administration of the first and second instance Courts of General Jurisdiction and the human resource management and training of judges and personnel in these courts. A special department in the Ministry, headed by a deputy minister, was in charge of all court-related matters. The Supreme Court and the Constitutional Court each had separate administration, management and budgets that did not go through the MOJ[9].

Under the Law on the Judiciary, the role of MOJ vis-á-vis the courts has been eliminated. The system of court executors (bailiffs) will remain under the Ministry's authority.

4. Council of Justice

The Council of Justice is a new body envisioned by the Law on the Judiciary to lead and manage the current judicial reform process and carry out important functions in the long-term development of the Georgian judiciary. Initially, the Law calls on the Council to guide the process of judicial reform and serve as a venue for reaching political agreements on the direction of the judiciary reforms. The main initial task of the Council is the preparation and execution of the re-qualification examination of all sitting judges. The Council has appointed a special Qualification Examination Commission for this purpose. Among the Council's main long-term functions will be the: (1) preparation of proposals to implement future judicial reforms; (2) nomination of candidates for judicial offices; and (3) initiation of disciplinary proceedings against sitting judges.

The Council consists of 12 members. Nine members are appointed for three-year terms and three are *ex officio* members. The President of Georgia and the Parliament each has appointed four members (the latter can appoint only up to three from among MPs, at least one of whom has to be a representative of a parliamentary minority). One member has been appointed by the Supreme Court of Georgia. The Chairpersons of the Supreme Court of Georgia and the High Courts of Ajara and Abkhazia are *ex officio* members of the Council.[10] The Council is envisioned to meet at least once every three months, chaired by the President of Georgia or the Chairman of the Supreme Court. During the current judicial reform process, the Council meets more frequently. The day-to-day tasks of the Council will be carried out by its Secretariat. The Secretary, appointed by the President of Georgia, is charged with organizing the technical aspects of the activities of the Council, preparation of its sessions, and supervision of its staff. In addition to the Secretary, the Council has four permanent members. Since its creation, the Council has been an active promoter of judicial reforms, advocating these among the Georgian population. The Council is an effective body to lead and watch over the transformation process

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[9] Before their elimination, the Arbitrazh Courts also had administration, budget and management independent from the MOJ.

[10] The Parliaments of Ajara and Abkhazia will elect independent local Councils of Justices which will be mainly responsible for overseeing the process of re-qualification of judges in their territories and making recommendations to the Council of Justice of Georgia in matters of judicial reform.

of the Georgian judiciary. It remains to be seen whether, after the transition has taken place, its composition should not include more representatives of the judiciary.

> Recommendation: To generate public confidence and support for the judicial reform process, it is important to carry out the re-qualification examinations in a fair and transparent manner with clearly defined criteria. To avoid any semblance of unfairness, the examinations should be anonymous. To the extent possible, the business and NGO communities should be involved in the re-qualification and, later, judicial appointment process. To address any unfairness, a complaint procedure should be developed and made available to the public.

The Law on the Judiciary leaves the relationship between the Council and the Department of the Supreme Court mostly undefined. Therefore, in addition to the re-examination, one of the Council's important initial tasks will be the definition and delineation of the respective powers and responsibilities over the court system between the two institutions.

> Recommendation: A workshop should be organized, including experts in judicial administration from different countries to assist in the formulation of key reform measures in judicial administration and the definition of critical steps for the implementation of reforms. The Council and the Department should also obtain long-term technical assistance from an expert(s) to advise on the planning and implementation of key reform measures.

World Bank experience in most countries undergoing systemic institutional reforms in the judiciary has shown that no reform process can be successful without broad public participation in the reform process. It is, after all, the business community and the public at large that are the ultimate beneficiaries of any reforms in the judiciary. Judges need to be responsive to the dispute resolution needs of the public and they need to internalize a client service attitude. For example, in several Latin American countries, judicial reform programs have started gaining momentum only after the business community, non-governmental organizations, including those supporting the rights of women and ethnic minorities, and other parts of the civil society had been drawn into public debates about the content and direction of the reform process. In Georgia, where large sections of the population report avoiding the court system due to a lack of trust or other reasons, it is crucial that citizens internalize the reforms and feel they have a say in the debate on the future structure and functioning of the judiciary.

> Recommendation: The Council of Justice should appoint an advisory board of business and community leaders and judges to help it design and guide the judicial reform process, provide the Council with feedback on its deliberations, and assist it in defining performance standards for improving the judicial system.

5. Conference of Judges

Several judicial reform programs, especially in Latin America, have demonstrated that no reform can succeed without the members of the judiciary "owning" it. Until the Latin American judges started engaging in reform dialogue with the executive, they resented any reforms and felt that these were imposed from the outside. In several countries, small judicial workshops carried out repeatedly over a several year period proved to be very useful for getting judges to co-opt a reform agenda.

Since the Georgian judicial reform is at the moment spearheaded by the legislative and executive branches, it is important for its long-term success and sustainability to engage the new cadre of judges in the reform process and its implementation as soon as they are appointed. As the Latin American experience has shown, reforms can be initiated from the top but, ultimately, it is the judges whose good will and internalization of the reform measures will determine whether or not the envisioned reforms are carried out.

The Conference of Judges is a body that could contribute to this objective. At present, it has no significant authority. The Law on the Judiciary envisions a greater role for the Conference, including the selection of experts for the Disciplinary Collegium (up to 50). The Council of Justice then forms a 12-member Collegium, from among the pool of 50, to consider disciplinary and ethics complaints against judges referred to it by the Council. The Conference, which will meet every six months, will also review annual reports on the state of the courts from the Chairperson of the Department of Material and Technical Supply and on the activities of the Disciplinary Collegium.

The Conference can play a significant role in the future in instilling an *esprit de corps* among Georgian judges and as a vehicle for individual judges to take part in the reform process. In addition, the Conference could assist in designing and executing training for judges; strengthening the judiciary's independence as a branch of government; and improving judges' communication with the public and the press.

> Recommendation: To ensure, through workshops organized for the Conference of Judges or other mechanisms, the participation of the newly appointed judges in the formulation and implementation of further judicial reform steps.

IV. Functioning of the Courts of General Jurisdiction

A. Appointments, Staffing, Promotions and Remuneration

The Law on the Judiciary introduces fundamental changes in judicial appointment procedures. Previously, all judges of the first and second instance courts were appointed by the Minister of Justice for a period of 10 years. (The Supreme Court judges were appointed by the Parliament.)

All aspects of human resource and personnel management, including promotions and remuneration, were decided by the Ministry of Justice.

Under the Law on the Judiciary, the Council of Justice nominates candidates to the President from among lawyers who pass the qualification examinations. The President appoints judges for a period of 10 years. Supreme Court judges are appointed by Parliament on the recommendation of the President.

> Recommendation: To maintain high morale among the judiciary, the Council of Judges should develop clear and transparent criteria for judicial promotions. These should take into account individual merit and judicial experience.

The remuneration of judges in the first and second instance courts has been extremely low. Judges receive approximately 40 to 50 Lari a month (approximately $32-40) which compares to about 300 Lari a month (approximately $240) for a deputy in the Parliament. The Law on the Judiciary provides that the newly appointed judges will receive compensation at least equal to that of the deputies. This change is aimed at decreasing the alleged endemic corruption in the judiciary.

The remuneration and professional development of court personnel is a systemic problem. The average staff person in the courts receives 12 to 15 Lari a month (approximately $9-12). It is, therefore, difficult to attract and retain dedicated and competent staff in the court system. For judges to be able to reduce the amount of clerical work they currently perform and transfer their non-adjudicative duties to other court personnel, the judiciary needs to train its personnel, such as law clerks, administrative managers and court secretaries, and offer them career prospects.

> Recommendation: It is critical to develop and implement a plan for training and professional development of court personnel.

B. Ethics and Disciplinary Procedures

The disciplinary process for judges of first and second instance courts (the Supreme Court has a separate disciplinary commission) was previously carried out by the Disciplinary Commission of the MOJ. The Commission consisted of three members, usually judges, who consider complaints against judges. These were usually submitted by the Minister of Justice or the Chairman of the Supreme Court on the basis of complaints from individuals. The Commission could reprimand a judge, recommend that the Minister of Justice dismiss him/her, or file a complaint with the Procuracy.

There have been only a handful of disciplinary cases considered by the Commission in recent years. This is in stark contrast to the widespread perception that the judicial system is fraught with corruption. The general mistrust of the judicial system as a whole is reflected in ordinary citizens' lack of faith in any meaningful recourse under the existing judicial disciplinary

procedure. The reform of the judiciary will only be successful if judges are recognized by the public as competent, honest and free from corruption, and if citizens who experience unethical behavior of judges have a proper recourse against a corrupt judge and choose to pursue it. One of the main reasons why, for example, in the United States judges are held in such a high regard by the public is every person's awareness and knowledge that he/she can effectively vindicate his/her rights against a corrupt judge through ethics procedures. To ensure commitment of the Georgian judges to clearly defined ethical standards, the business and NGO communities should participate in the definition of disciplinary and ethical rules.

> Recommendation: The Council of Justice, together with the Conference of Judges, should organize a workshop at the time of the appointment of the first group of new judges. During the workshop judges should discuss and agree upon new disciplinary and ethical rules which should then be submitted for a public debate. The judiciary should publish the new rules and publicly announce its commitment to them. Annual reports on the outcome of disciplinary proceedings should also be published.

C. *Budgetary and Non-Budgetary Financing of the Courts*

Previously, the first and second instance courts were financed through the MOJ, while the Supreme Court, the Arbitrazh Courts, and the Constitutional Court had separate lines in the budgets which they individually administered. Compared to the Constitutional Court, the Supreme Court, and the Arbitrazh Courts, the first and second instance Courts of General Jurisdiction have been critically underfunded. A table showing the budgets and expenditures for 1995 through 1997 is in Annex C.

The official budget of the MOJ was very limited. For example, the total budget of the MOJ (including the court system) for 1996 was 1,972,711 Lari (approximately $1.6 million); 1,282,773 Lari (approximately $1 million) of this amount went to the Courts of General Jurisdiction. However, non-budgetary revenues of the MOJ,[11] mostly from company registrations and court fees, are much larger than its budget resources. In fact, they represent more than 200% of its budget resources. It is not possible to determine the exact amounts, as neither the MOJ nor the MOF maintain adequate statistics. Court fees are collected by local administrations, which report collected fees only as "non-tax" revenues, together with all other fees, fines, levies and duties. Reportedly, none of the non-budgetary revenues were passed on to the courts. Such non-transparent revenue and expense flows were rather common throughout the former Soviet Union.

> Recommendation: The Department of Material and Technical Supply should assess and review the use of the revenues generated

[11] According to a 1995 Presidential Decree, 10% of the collected court fees go to the MOJ. Pursuant to the same Decree, the MOJ receives 50% of all company registration fees and a percentage of other fees for civil procedures, such as the issuance of certificates of citizenship.

by the court system. It should develop more transparent budgetary planning and administration procedures.

D. Court Fees and the Collection System

Fees for civil cases where a monetary amount is specified are prohibitively high. Twenty-five percent of the claimed amount is payable up front by the plaintiff. In all other cases (representing about 95% of all civil cases in Courts of General Jurisdictions) the court fee is very low, set at 25% of the monthly minimum wage (which is currently about 2.5 Lari). Judges have discretion to waive these fees, but it is not possible to determine how often they exercise this discretion. Upon filing a cassation claim, the claimant must pay an additional fee of 50% of the first instance fee. Court fees are ultimately payable to the state budget and are collected through local administrations.

Recommendation: The structure of court fees in Georgia should be reviewed and rationalized to determine a clear and transparent system for setting and collecting case filing and other court fees.

E. Administration, Management, Planning and Statistics

All aspects of court administration and management, including drawing of judicial districts, ensuring adequate staffing in courts, collecting and maintaining judicial statistics, supplying courts with office equipment and legal information, and maintaining the courts' physical facilities for the courts of first and second instance previously handled by MOJ officials. Because they were not in the courts themselves, these officials often lacked knowledge of the real needs of the courts and had very little incentive to ensure that the courts' needs are met. Under the Law on the Judiciary, the Department of Material and Technical Supply has the responsibility for the administration, management and planning of the Courts of General Jurisdiction.

Recommendation: Since the Department of Material and Technical Supply is a newly created entity, it is important to ensure that the MOJ's know-how on court administration and especially court statistics will be transferred to the new entity. Furthermore, new court administration procedures, including the collection of court statistics, need to be devised and implemented to improve the material base of the courts.

F. Case Management: Caseloads and Delays

The current case management suffers from a lack of efficient and uniformly established case management procedures. Judges spend a great deal of their time on clerical tasks. The situation is exacerbated by a lack of office equipment such as computers, typewriters and copy machines. Even basic supplies such as paper are often not provided.

Unlike the situation in most developing and many developed countries, the courts of first and second instance in Georgia are currently not overloaded with either civil or criminal cases. In 1996, a first instance district judge had an average of 12 civil and criminal cases a month. A majority of these cases are simple and are disposed of in one court hearing. Detailed statistics on the number of civil cases in the court system and on caseloads (civil and criminal) are contained in Annex D.[12]

Due to the low caseload, Georgian courts do not seem to experience excessive delays in either civil or criminal cases at the trial level. Judges are obliged by law to dispose of cases in one calendar month. In most cases, they are able to do so. As the complexity of case increases, delays are likely to increase.

The high speed of first instance proceedings appears to be an indication of a different problem plaguing the judiciary. There are many reported cases of outright corruption. Also, due to the lack of laws and legal materials in the courts, inadequate legal research and reasoning by judges is widespread. It has also been found that the high speed of the judicial decisions often works to the detriment of commonly accepted standards of due process. As a result, parties may be denied equal opportunities to submit evidence and, thus, vindicate their rights.

Delays are much longer in the cassation and supervision instances. These reviews can take months, sometimes even years. There are reported instances of criminal and civil cases moving between the three instances, often referred by higher level courts back to the lower courts, sometimes repeatedly, resulting in significant legal uncertainty.

> Recommendation: Case management procedures should be developed and/or strengthened. Guidelines and procedures should be introduced to harmonize docket and document management, and standardize documents in the court system. Judges and court personnel should be trained in the new procedures. Thereafter, equipment should be introduced to help manage the caseload and assure that court dockets and other records are properly processed and maintained. Performance indicators should be developed to permit the monitoring of court performance and the impact of reforms on the dispute resolution function of the judiciary.

G. Enforcement of Judgments

Similar to most of the other European transition economies, most notably Russia, enforcement of judgments in civil cases does not function well in Georgia. The bailiffs (court executors) are not properly trained and are badly compensated. They also lack basic infrastructure, such as means of transportation, to effectively discharge their duties. The inefficient enforcement system

[12] Georgian traditional alternative methods to resolve conflicts (for more details *see* Chapter VII) seem to be another factor accounting for the relatively low numbers of civil disputes in Georgian courts.

exacerbates the low public acceptance of the court system as a venue for dispute resolution. Since efficient and reliable enforcement of contracts and property claims is a *sine qua non* of a functioning market mechanism, the bailiff service will need special attention from the Ministry of Justice which, under the reform plan, will have authority over the bailiff service. The legal basis for the functioning of the bailiff service will be in the Civil Procedure Code.

> Recommendation: The Ministry of Justice should train a professional cadre of court executors (bailiffs) and provide them sufficient resources, including means of transportation, to discharge their duties efficiently.

An interesting and positive development has taken place in Georgia recently. The newly privatized notary service, pursuant to the November 1996 Law on Notaries which was drafted with German assistance, has been used by several private parties in lieu of court executors to enforce monetary claims. Under the law, in non-contested cases (where the debtor does not argue the merits of the case and admits his/her debt in full), a private notary can enforce a claim. In a reported case of a mortgage foreclosure where the debtor did not contest the claim, the entire transaction took place through a notary who received a percentage (two percent) of the claim.

H. Legal Information

As mentioned in Chapter III.A.3., there is no Official Gazette in Georgia. Courts are, therefore, often not supplied with up to date legal information. Judges have been reported to rule on the basis of old laws, as newer legislation was not available.

> Recommendation: Until a more comprehensive legal information system is in place, a minimum package of legal materials needs to be produced and made available to judges and distributed to regional libraries.

It is very difficult to obtain Georgian legislation in English and other foreign languages. This makes it difficult for foreign investors to obtain even basic information about the Georgian legal system.

> Recommendation: To assist in attracting foreign investors to Georgia, key laws important for business activity should be translated and made available through a designated entity.

I. Court Facilities[13]

Due to the lack of proper maintenance in the last decade, the court buildings are generally run down and are in need of rehabilitation. At least in one instance, a court building will need to be

[13] A list and description of courthouse facilities is in Annex D.

abandoned soon as it is in a hazardous condition. Many courthouses suffer from a lack of heating and unreliable electricity supply in the winter. For courthouses in such a condition, it is difficult to plan any computerization or upgrading of telecommunications infrastructure. Also, having courthouses in decent physical condition is important for building a positive image of the judiciary.

The situation in Georgia is exacerbated by the fact that, as a legacy of the former Soviet period, a great majority of courthouses share space and other facilities with the procuracy, notaries office, attorney and, in some places, the police. If the Georgian judiciary aspires to achieve high respect in the community, judicial functions should eventually be located in self-standing buildings. It is recognized, however, that such a reform will require substantial resources and will take many years to complete.

In addition, the Law on the Judiciary necessitates the establishment of new courthouses for the new venues such as the Appellate Court in Kutaisi and the circuit (regional) courts.

> Recommendation: The Department of Material and Technical Supply should prepare a phased plan for the establishment of new court houses and the rehabilitation and winterization of the existing buildings.

V. Judicial Training

Timely and meaningful training of judges is one of the cornerstones of any judicial reform program. In Georgia, with the envisioned court structure bringing on new tasks for judges, especially in the commercial law area, high quality judicial training will be critical for the success of the reforms. Newly appointed judges, many of who may be completely new to the bench, will have to be trained in relevant substantive and procedural laws, and in judicial skills. The latter has traditionally been missing in judicial training in the former Soviet Union.

In Georgia, adequate judicial training is important from both short-term and long-term perspectives. In the short-term, it is critical for the new cadre of judges to get properly trained to ensure the continuation of the functions of the judiciary without any significant interruption. The Law on the Judiciary mandates a two-month training program for newly appointed judges. From the longer-term perspective, it is important to institutionalize judicial training and develop modern teaching tools and methodologies that would make judicial education attractive for judges and helpful to them not only in interpreting the law but also in finding just solutions.

Previously, judicial training was conducted by the *Training Institute of the MOJ.* It employed a handful of academics who usually read lectures to the participating judges. None of them reported spending any significant time on the bench. The Institute has conducted some seminars on bankruptcy and the civil code, with German assistance. The Institute, which was financed

through the MOJ, was critically underfunded, and, it had a very limited capacity to meet the extensive training demands dictated by the ongoing reform of the judiciary. It had virtually no publishing or office equipment, a meager library, and staff that is not versed in modern judicial teaching tools and methodologies.

At this writing, the Training Institute has been re-established as an independent entity. Its founders include the MOJ, the Conference of Judges, the Young Lawyers Association, the Notary Chamber and the Collegium of Advokats.

> Recommendation: The initial two-month training program for newly appointed judges should be carried out employing modern training tools and methodologies to develop judicial skills. For the longer term, the judicial training capacity of the new institute, including staff, equipment and other technical resources, such as printing presses for legal materials, needs to be substantially expanded. A training-of-trainers should be developed among the sitting judges to make judicial training sustainable and based on real-life experiences of judges.

VI. Access to Justice and Public Perception of the Judiciary

A. Access to Justice

While Georgia's system of justice is officially open and accessible to everybody, in fact, access is limited by money, time, geography, and lack of information.

1. Court and Legal Fees

As mentioned in Chapter IV, Georgia has a very uneven system of court fees. One the one hand, for most civil cases, where no monetary claim exists, the fees are very low. On the other hand, in cases involving monetary claims, court fees are prohibitive (up to 25% of the claim in the first instance and half of the claim for cassation reviews). In addition, due to the low remuneration of judges and court personnel, reportedly parties are often required to pay bribes. These costs create a real financial barrier to justice for much of the Georgian population.

Legal counsel is not required in civil proceedings in Georgia. Nevertheless, especially in more complicated cases, having a lawyer is a necessity. While the government pays for the representation of indigent clients in criminal cases, as representation by counsel is mandated by law, there is no system of legal aid in civil cases. Some law firms provide *pro bono* services. For example, the Georgian Young Lawyers Association has a program of free daily telephone consultations for people with legal problems.

2. Density of Judicial Districts

People living outside of Tbilisi Region and Ajara have little access to courts of second instance. This renders the judges in the first instance extremely powerful and leaves citizens without adequate recourse to second instance courts. For example, in the Kacheti Region, in 1996, cassation appeals were filed in only two out of 221 decided civil cases and in four out of 94 criminal cases. This compares to 60% of civil and 25% of criminal cases being appealed in Tbilisi in the same period.

The new Law on the Judiciary should improve access to second instance review across Georgia by instituting an appeals procedure with regional appellate courts in Tbilisi and Kutaisi covering the entire territory (outside of the two autonomous republics).

3. Awareness About the Law and Availability of Legal Texts

As mentioned in Chapter III.A.3., Georgia currently does not have a system for publishing and distributing official legal texts. There is no Official Gazette and laws are published only in daily newspapers. The Parliament publishes acts it adopts. This publication, however, is expensive and has a small circulation. There is no system for reporting important court cases. This lack of legal information is a significant barrier to access to justice. Timely and accurate legal information would enable citizens to be aware of their legal rights and vindicate them in courts.

> Recommendation: Develop a comprehensive strategy for the dissemination of legal information to the professional and lay public.

Availability of legal texts is not the only prerequisite for the public's effective vindication of its rights through courts. In the transition countries where the law was traditionally perceived as an instrument of the government and its enforcement apparatus, the public needs to be educated about the law, legal institutions and processes, and its rights and available remedies under the law.

> Recommendation: Conduct a widespread public awareness and education campaign (including through the education system) on the role of law and the judiciary in a modern society.

B. Public Perception of the Judiciary

The Georgian public has little respect for the judiciary; judges are perceived as largely corrupt and incompetent. Instead of viewing courts as efficient venues for vindicating their rights, people tend to turn to them only as a last resort, if at all. The judicial reform program can succeed only if the current negative attitude toward courts and low regard for judges will change.

Only by establishing a competent and service-oriented judiciary that promises equal access and treatment to all Georgians can the country improve the public's perception of its legal system. Public information campaigns will have a role in communicating the extent and seriousness of the reform program. Improvements in the performance of the judiciary will need to be measured against standards that will have been defined through the participation of representatives of the civil society. The advisory board recommended in Chapter III can play a significant role in monitoring this process and disseminating its results.

> Recommendation: The advisory board, the establishment of which is recommended in Chapter III.B.4, should be given a significant role in monitoring the evolution and improvement of the judiciary. It should report to the public on its findings. The Council of Justice should also mount a campaign to increase public awareness of the judiciary's new independence, increasing competence, and service orientation.

VII. Alternative Dispute Resolution (ADR)

A. Traditional Forms of ADR in Georgia

Georgia is a traditional trading and agricultural society with a long history of informal alternative dispute resolution. During the Soviet period, Georgia had a significant shadow economy that required people to resolve conflicts outside the legal system. Lacking an effective official system for dispute resolution, Georgians developed their own means of resolving family altercations, criminal offenses and commercial disputes. The most prevalent forms of traditional ADR are based on friendship, family ties and the institutions of village elders and "thieves in law" (*see* Box). Given this history, Georgia has good prospects for an effective use of alternative mechanisms to reduce dependence on the formal judicial system.

B. Modern ADR Methods in Georgia

1. Private Arbitration

On April 17,1997, the Parliament adopted a Law on Private Arbitration which enables private dispute resolution. The law allows both institutional and *ad hoc* arbitration and permits parties to choose rules of procedure as well as the applicable law. Arbitration can be initiated only with prior written agreement of the parties. Arbitral awards can be appealed to the Courts of General Jurisdiction only on specific grounds, such as violations of arbitral procedures.

Arbitration is a new concept in Georgia, but given Georgia's strong tradition of traditional alternative dispute resolution, arbitration, mediation, conciliation and negotiation all have good prospects for growth. Several private practitioners have begun to include arbitration clauses in their clients' contracts.

ADR based on friendship and family ties

In Georgia's close-knit society, business has traditionally been conducted on a personal basis, with friends or friends of friends. Disputes are usually settled in a friendly manner. If a dispute escalates into a conflict, persons with stature and authority in the community are able to settle them, rather than refer them to the court system.

Village Elders in the mountain regions

In the mountain regions of Svaneti and Khevsureti, with a combined population under 50,000, people almost completely bypass the official court system. Village elders, who enjoy the highest respect and authority in these communities and are chosen or elected by local residents, resolve both criminal and civil matters.

"Thieves in Law" dispute resolution in Soviet times

The "Thieves in law" (in Russian, "Vory v zakonu") system spread throughout Georgia in Soviet times, with over 20,000 so-called "thieves in law." The "thieves" were former prisoners who gained the respect of the prison population and the authorities by mediating conflicts within the prison system. Many of them continued to mediate between the "underworld" and the authorities after they left prison. They also resolved economic disputes in the shadow economy and criminal cases in their respective communities. Their power eroded during the years of the civil unrest in Georgia.

ADR, especially arbitration, can be a useful mechanism for the resolution of commercial cases. It allows for specialized business expertise to enter the resolution of commercial conflicts. This may be of particular importance during this transition period when the Arbitrazh Courts were already abolished and new judges in the Courts of General Jurisdiction are not yet adequately trained in commercial matters. After the transition period, ADR will still be important, especially in decreasing caseloads in Courts of General Jurisdiction. In addition to domestic arbitration, two international arbitration panels have been established under the articles of the International Chamber of Commerce in Georgia. Neither of these panels has heard any cases yet.

Recommendation: The use of ADR, especially commercial arbitration, should be supported through educating the general and professional public, especially judges, about the forms, utility and advantages of ADR.

VIII. Legal Education and Professional Associations of Lawyers

Reform of legal education is usually an indispensable element of the long-term success of any legal reform program. This is particularly true in a transition economy with the magnitude of new laws and regulations, and new institutions vested with their implementation and enforcement.

Legal education in Georgia is currently not able to adequately meet the new demands placed on the legal profession. A shortage of sufficiently qualified law graduates able to undertake a legal position in the public sector or to practice law has been widely reported. This seems to be the result of the insufficient financing and capacity, outdated teaching methodologies, and widely reported corruption and mismanagement in the state educational institutions; the proliferation of new private law schools that purport to train lawyers but do not have the material or human resources to do so; and the inadequate licensing and curricula setting procedures for law schools.

A. State and Private Legal Education Institutions

The most prominent of the state institutions for legal education are the Legal Studies Department and the International Law and International Relations Department of the Tbilisi State University (TSU). Over 800 people graduate from the TSU Legal Studies Department and about 50 from the International Law Department each year. The newly created Business Law School of the State Technical University, which has been receiving German assistance, gives training to approximately 35 students a year in commercial, business and administrative law. The law departments of the Kutaisi and Batumi universities both have approximately 80 graduates each year.

While the education provided in these state institutions is superior to most of the new private law schools, reforms are urgently needed both in the content and methodology of teaching and in the administration of the schools. Officially, the entry requirements for these schools are very competitive; often 8-12 people compete for one place. There are, however, widespread reports about irregularities and corruption in the examination process. While the curricula in the state law schools have undergone some transformation from the Soviet style education, they do not adequately reflect the needs of the new market economy environment. Most of the schools' current curricula still concentrate mostly on theoretical subjects. The teaching methodology continues to rely on the traditional lecture format, which gives the students little opportunity to practice their legal skills. It has been reported that most graduates of the state schools need significant additional study to be able to assume a legal job. Some institutions, such as the Young Lawyers' Association, provide evening courses and seminars on specific legal topics for their members.

Since 1991, approximately 240 new private law schools have been established in Georgia. While no reliable statistics exist, it is estimated that these private law schools have approximately 40,000 students. These large numbers resulted from the extremely lax licensing requirements of the Ministry of Education, which allowed essentially anybody, institutions or individuals, to open a law school. A great majority of these new institutions do not have adequate infrastructure, teaching tools or faculties to provide even simple education. The lack of quality legal education in these schools is widely known. Their graduates, after receiving inadequate instruction, are usually not accepted by any public employer. Since there are currently no licensing requirements for private law practice, many of these graduates are likely to enter private practice. Having 40,000 potential law graduates is clearly unsustainable in a small country such as Georgia.

Recommendation: To adopt licensing and accreditation requirements for new schools, coupled with strict conditions for graduating from these schools.

B. Role of the Ministry of Education

The Ministry of Education is officially vested with the authority to license new schools and, together with the rector of each school, determines their teaching curricula. The budgetary financing for the state schools goes through the Ministry. In addition, the Ministry, with the approval of the President, appoints the rector and vice rectors of TSU and other state schools. These powers are extremely broad and seem difficult to be efficiently discharged by an administrative entity such as the Ministry.

On June 27, 1997, the Parliament adopted a new framework Law on Education. Under the new law, the Ministry, together with the President, retains the power to accredit private law schools and set their curricula. The long-term impact of the law remains to be seen. It is clear now, however, that it may be necessary to undertake a systemic reform of legal education in Georgia.

Recommendation: To adopt a regulatory framework on legal education to clarify the administrative and educational reforms in the legal education area. Among other elements, the law should enable the creation of an accreditation and licensing body for law schools that would consist of experts in the legal education area and give individual schools greater leeway in determining curricula and selecting rectors and deans.

C. Professional Associations of Lawyers

Under the Soviet system, all attorneys had to be members of the state-sponsored bar association, the Collegium of Advokats of Georgia. The Collegium still exists, but membership in it is no longer mandatory. It has about 500 members most of who studied in the Soviet era. Over the last several years, new professional organizations have been created. The most prominent of them is the Georgian Young Lawyers Association. This group with about 200 members strives to enhance the standards of the legal profession and legal reform in Georgia. It is active in legislative drafting and assessment, legal information dissemination, continuing legal education seminars and training programs and free telephonic consultations to the public.

Currently, there are no licensing requirements for lawyers. Virtually anybody can act as a lawyer in court, either in civil or criminal matters. Considering the low quality of legal education (*see* Chapter VIII), competent legal advice is in short supply in Georgia. Moreover, there are

widespread reports about attorneys participating in corrupt practices. Consequently, respect for lawyers is very low. In the absence of a bar association, there is no adequate public representation of the legal profession. Furthermore, it is essential that a representative body of the legal profession be established to monitor the performance and integrity of the new judiciary.

> Recommendation: To establish a bar association(s) that would define and introduce licensing requirements for lawyers, and develop and enforce rules of ethics and professional conduct. These rules should be published on a periodic basis.

IX. Summary of Recommendations

Institution and Capacity Building and Planning for Reform

- A workshop should be organized, including experts in judicial administration from different countries, to assist in the formulation of key reform measures in judicial administration and the definition of critical steps for the implementation of reforms. The Council of Justice and the Department of Material and Technical Supply should obtain long-term technical assistance from an expert(s) to advise on the planning and implementation of key reform measures.

- Since the Department of Material and Technical Supply will be a new entity, it is important to ensure transfer of the MOJ's knowledge of court administration and court statistics to the Department. Furthermore, new court administration procedures, including the collection of court statistics, need to be devised and implemented.

- The Department for Material and Technical Supply should obtain technical assistance to develop sufficient capacity to plan, organize, administer, and manage the court system, including the judiciary's budget. The Department should devise procedures which should assure that, to the extent possible, court administration is carried out by professional administrative personnel to allow judges to focus on their judicial responsibilities. The Department should be accountable to the judges for the performance of its functions.

- A team of Georgian experts should be appointed and charged with the preparation of an administrative procedures code. This team should obtain training and assistance from experts, including foreign experts, in administrative procedures.

- A phased program for the establishment of the new first instance (circuit) and second instance (appellate) courts needs to be formulated. This program should assess the financing, staffing, and training needed to establish and operate these courts.

- The Ministry of Justice should train a professional cadre of court executors (bailiffs) and provide them sufficient resources, including means of transportation, to discharge their duties efficiently.

- Courts will need to devote sufficient resources and capacity, including trained judges and personnel, to bankruptcy cases to handle the potentially large agenda in this specialized area of law. This capacity building should be accompanied by a targeted public awareness and education campaign about bankruptcy, its mechanics and its role in a modern market economy.

Human Resource Development and Judicial Training

- The initial two-month training program for newly appointed judges should be carried out employing modern training tools and methodologies to develop judicial skills. For the longer term, the judicial training capacity of the new Training Institute, including staff, equipment and other technical resources, such as printing presses for legal materials, needs to be substantially expanded. A training-of-trainers should be developed using sitting judges to make judicial training sustainable and based on real-life experiences of judges.

- Workshops should be organized to ensure participation of newly appointed judges in the formulation and implementation of further judicial reform steps.

- To maintain high morale among the judiciary, the Council of Justice should develop clear and transparent criteria for judicial promotions. These should take into account merit and judicial experience.

- It is critical to develop and implement a plan for training and professional development of court personnel.

Legal Information Dissemination

- Until a more comprehensive legal information system is in place, a minimum package of legal materials needs to be produced and distributed to judges and regional libraries.

- Develop a comprehensive strategy for the dissemination of legal information to the professional and lay public.

- To create or designate an entity responsible for the collection and systematization of normative acts and the publication and distribution of an Official Gazette.

- To assist in attracting foreign investors to Georgia, key laws important for business activity should be translated and made available through a designated entity.

Public Perception of the Judiciary

- To generate public confidence and support for the judicial reform process, it is important to carry out the re-qualification examinations for judges in a fair and transparent manner with clearly defined criteria. To avoid any semblance of unfairness, the examinations should be anonymous. To the extent possible, the business and the NGO communities should be involved in the re-qualification and, later, judicial appointment process. To address any unfairness, a complaint procedure should be developed and made available to the public.

- The Council of Justice, together with the Conference of Judges, should organize a workshop at the time of the appointment of the first group of new judges. During the workshop, judges should discuss and agree upon new disciplinary and ethical rules which should then be submitted for a public debate. Once agreed upon, the judiciary should publish the new rules and publicly announce its commitment to them. Annual reports on the outcome of disciplinary proceedings should also be published.

Public Participation

- The Council of Justice should appoint an advisory board of business and community leaders and judges to help it design and guide the judicial reform process, provide the Council with feedback on its deliberations, and assist it in defining performance standards for improving the judicial system.

- The advisory board should be given a significant role in monitoring the evolution and improvement of the judiciary. It should report to the public on its findings. The Council of Justice should also mount a campaign to increase public awareness of the judiciary's new independence, increasing competence, and service orientation.

Judicial Administration and Case Management

- The Department of Material and Technical Supply should prepare a phased plan for the establishment of new courthouses and the rehabilitation and winterization of the existing courthouses.

- The structure of court fees in Georgia should be reviewed and rationalized to determine a clear and transparent system for setting and collecting court filing and other fees.

- The Department of Material and Technical Supply should assess and review the use of the revenues generated by the court system. It should develop more transparent budgetary planning and administration procedures.

- Case management procedures should be developed and/or strengthened. Guidelines and procedures should be introduced to harmonize docket and document management, and standardize documents in the court system. Judges and court personnel should be trained in the new procedures. Equipment should be introduced to help manage the caseload and assure that court dockets and other records are properly processed and maintained. Performance indicators should be developed to enable the monitoring of court performance and the impact of reforms on the dispute resolution function of the judiciary.

Access to Justice

- Conduct a widespread public awareness and education campaign (including through the education system) about the role of law and the judiciary in a modern society.

Reform of Legal Education

- To adopt a regulatory framework on legal education to clarify administrative and educational reforms in the legal education area. Among other elements, the law should enable the creation of an accreditation and licensing body for law schools consisting of experts in the legal education area, and give individual schools greater leeway in determining curricula and selecting rectors and deans.

- To adopt licensing and accreditation requirements for new law schools, coupled with strict conditions for graduating from these schools.

Reform of the legal profession

- To establish a bar association(s) that would define and introduce licensing requirements for lawyers, and develop and enforce rules of ethics and professional conduct. These rules should be published periodically.

Alternative Dispute Resolution

- The use of ADR, especially commercial arbitration, should be supported through educating the general and professional public, especially judges, about the forms, utility and advantages of ADR.

ANNEX A
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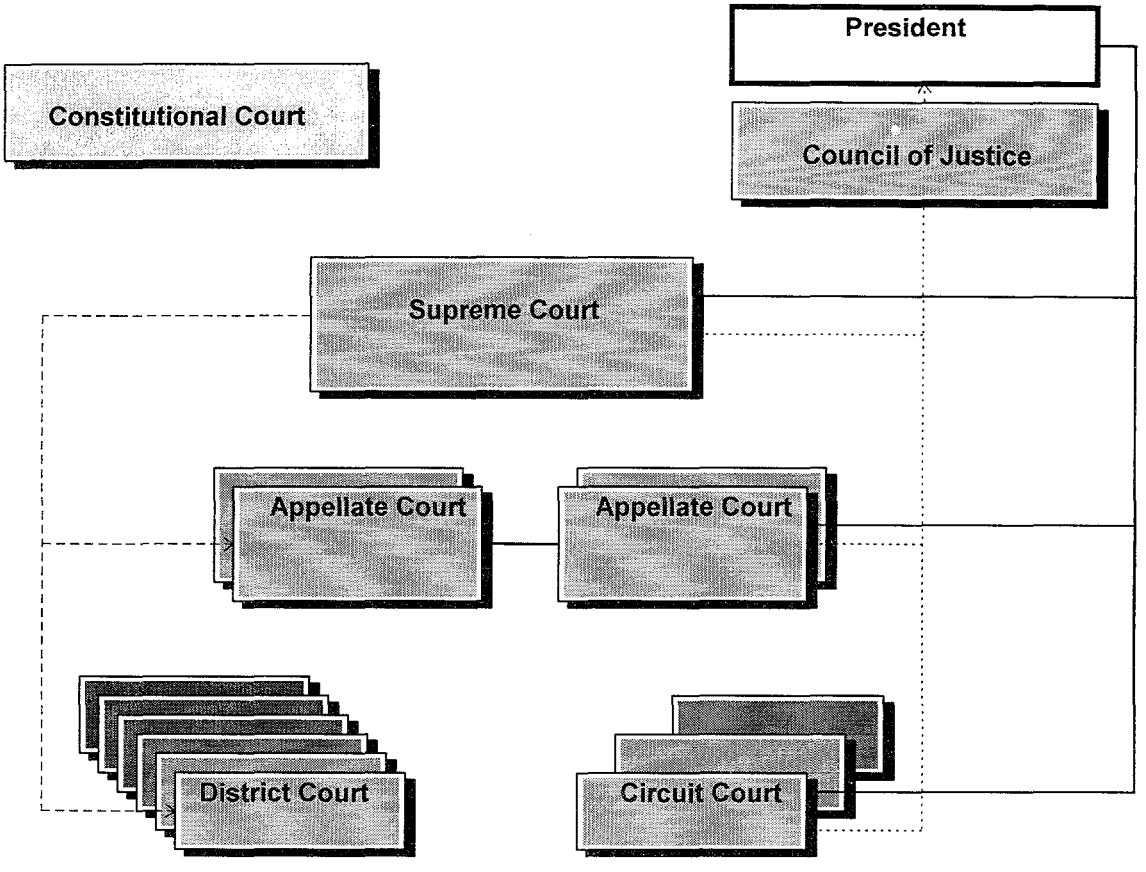
ENVISIONED INSTITUTIONAL STRUCTURE OF THE JUDICIARY



CONSTITUTIONAL COURT

- Consists of 8 judges forming two Panels & Chairman
- Considers individual complaints
- Considers Constitutional appeals
- Considers submissions from CGJ

Court of Third Instance

THE SUPREME COURT

PLENUM

- Convenes at least once in 3 months
- Consists of Chairman, Deputy Chairmen, all judges, & Chairmen of Superior Courts of Ajara and Abkhazia
- Elects 3 members of Constitutional Court
- Elects one member of Council of Justice
- Considers submissions of Review Chamber
- Renders judgments on Impeachment
- Appoints Chairmen of Criminal Law Panel & Chamber
- Considers reports of Criminal Law Panel & Chamber
- Issues recommendations on interpretation of normative acts

REVIEW CHAMBER

CRIMINAL LAW PANEL

CRIMINAL LAW CHAMBER

CIVIL, COMMERCIAL & BANKRUPTCY LAW CHAMBER

ADMINISTRATIVE LAW CHAMBER

Court of Second Instance

APPELLATE COURTS - 4
TBILISI, KUTAISI, AJARA & ABKHAZIA

CRIMINAL LAW PANEL

CIVIL LAW PANEL

ADMINISTRATIVE LAW PANEL

Court of First Instance

DISTRICT COURTS - 84

- Original jurisdiction of civil claims under 100,000 Lari, misdemeanors and minor criminal offenses
- At least 2 judges

CIRCUIT COURTS - 9

CRIMINAL LAW PANEL

- Original jurisdiction of serious offenses
- At least 3 judges

CIVIL LAW PANEL

- Original jurisdiction of claims over 100,000 Lari
- At least 3 judges

ANNEX A
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ANNEX B
1 of 5

GEORGIAN JUDICIARY
1997 BUDGET *

	CONSTITUTIONAL COURT	MINISTRY OF JUSTICE		SUPREME COURT	ARBITRAZH COURTS
		CGJ	MILITARY COURTS		
TOTAL NUMBER OF EMPLOYEES	97	1,137	108	139	83
TOTAL NUMBER OF JUDGES	9	314	38	39	25
ONE YEAR BUDGET	949,200	1,922,500		805,200	386,400
6 MONTHS EXPENDITURE	294,836	498,923		447,600	105,948
AVERAGE BASE MONTHLY SALARY	524	42	101	367	149
PREMIUMS: POSITION	153	25	25	145	105
RANK	15	2	2	2	
YEARS IN SERVICE	61	4	4	47	
FOOD ALLOWANCE			59		
BONUS	1,396	106	106		425
OTHER PREMIUMS	818	27	27	748	105
TOTAL PREMIUMS:	1,472	164	164	942	635
TOTAL BASE SALARY & PREMIUMS:	1,996	206	265	1,309	784

* All amounts are indicated in Georgian Lari (GEL). US$ 1 - GEL 1.275 (August 1997 average).

ANNEX B
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1997 SIX MONTH EXPENDITURE*

TYPES OF EXPENDITURE	MINISTRY OF JUSTICE - CGJ	SUPREME COURT	ARBITRAZH COURTS	CONSTITUTIONAL COURT
TOTAL EXPENDITURE	826,200	447,600	196,000	469,625
WORKERS' COMPENSATION	266,900	133,000	36,100	56,166
SALARY	186,500	64,700	25,300	29,934
PREMIUMS	64,400	6,000	8,400	9,976
BONUSES	900	45,400	400	14,139
OTHER PREMIUMS	15,100	16,900	2,000	2,117
EMPLOYER EXPENDITURE	75,300	40,000	10,000	14,259
SOCIAL SECURITY & MEDICAL INSURANCE STATE FUND	67,700	36,000	9,000	12,834
MEDICAL PROVISION FUND	7,600	4,000	1,000	1,425
BUSINESS TRIPS	22,900	26,100	15,900	30,000
DOMESTIC	5,800	20,000	5,400	5,500
INTERNATIONAL	17,100	6,100	10,500	24,500
OTHER GOODS & SERVICES	328,100	71,000	64,600	139,700
OFFICE SUPPLIES	192,500	15,000	50,800	62,700
UTILITIES	74,100	11,000	3,000	12,000
FOOD ALLOWANCE	13,000			
MEDICINES				
INVENTORY & UNIFORM	21,300			
TRANSPORTATION & EQUIPMENT	14,300	25,000	7,000	39,000
OTHER EXPENDITURE	12,900	20,000	3,800	26,000
SUBSIDIES & OTHER CURRENT TRANSFERS				
UNSUBSIDIZED STATE ENTITIES				
SUBSIDIZED STATE ENTITIES				
OTHER STATE ENTITIES				
CURRENT TRANSFERS				
OTHER GOVERNMENT BODIES				
NON-PROFIT ORGANIZATIONS				
FAMILY ENTERPRISES (STIPENDS, SOCIAL BENEFITS)				
MAIN CAPITAL PURCHASE	133,000	177,500	69,400	229,500
EQUIPMENT PURCHASE	57,000	37,500	43,500	105,000
PURCHASE OF BUILDINGS, CONSTRUCTION & RENOVATION				60,000
OTHER RENOVATION	76,000	140,000	25,900	64,500

* All amounts are indicated in Georgian Lari (GEL). US$ 1 - GEL 1.275 (August 1997 average).

ANNEX B
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MINISTRY OF JUSTICE - COURTS OF GENERAL JURISDICTION
1995-96 BUDGET & EXPENDITURE*

TYPES OF EXPENDITURE	1995 BUDGET	1995 EXPENDITURE	1996 BUDGET	1996 EXPENDITURE
SALARIES	222,571	221,759	422,343	422,343
PREMIUMS	54,644	48,192	107,230	107,230
OFFICE SUPPLIES	181,750	111,437	386,400	334,800
BUSINESS TRIPS	12,600	8,150	37,000	30,867
FOOD ALLOWANCE	15,814	15,813	16,400	16,400
MEDICINES				
INVENTORY & EQUIPMENT	50,000	18,500	160,000	130,000
OTHER INVENTORY & UNIFORMS	65,000	64,750	31,800	26,200
CAPITAL CONSTRUCTION				
CAPITAL RENOVATION	55,000	18,750	109,200	106,162
OTHER EXPENDITURE	25,000	20,334	12,400	10,533
T O T A L	682,379	527,685	1,282,773	1,184,535

* All amounts are indicated in Georgian Lari (GEL). US$ 1 - GEL 1.275 (August 1997 average).

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ARBITRAZH COURTS
1995-96 BUDGET & EXPENDITURE*

TYPES OF EXPENDITURE	1995 BUDGET	1995 EXPENDITURE	1996 BUDGET	1996 EXPENDITURE
SALARY	7,012	7,012	41,330	41,330
PREMIUMS	1,824	1,824	9,800	9,800
OFFICE SUPPLIES	11,110	11,015	33,300	33,300
BUSINESS TRIPS	4,646	2,936	3,000	3,000
FOOD ALLOWANCE				
MEDICINES				
INVENTORY & EQUIPMENT			61,000	61,000
OTHER INVENTORY & UNIFORM				
CAPITAL CONSTRUCTION				
CAPITAL RENOVATION			3,000	3,000
OTHER EXPENDITURE	45	45	2,000	2,000
T O T A L	24,637	22,832	153,430	153,430

* All amounts are indicated in Georgian Lari (GEL). US$ 1 - GEL 1.275 (August 1997 average).

ANNEX B
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SUPREME COURT
1995-96 BUDGET & EXPENDITURE*

TYPES OF EXPENDITURE	1995 BUDGET	1995 EXPENDITURE	1996 BUDGET	1996 EXPENDITURE
SALARY	49,226	49,223	172,142	172,142
PREMIUMS	9,840	9,842	35,581	35,581
OFFICE SUPPLIES	33,246	32,122	71,400	71,400
BUSINESS TRIPS	5,000	4,982	15,000	15,000
FOOD ALLOWANCE				
MEDICINES				
INVENTORY & EQUIPMENT	20,000	20,000	20,000	20,000
OTHER INVENTORY & UNIFORM				
CAPITAL CONSTRUCTION				
CAPITAL RENOVATION	30,000	26,545	82,800	82,800
OTHER EXPENDITURE	30,080	29,630	2,000	2,000
T O T A L	177,392	172,344	398,923	398,923

* All amounts are indicated in Georgian Lari (GEL). US$ 1 - GEL 1.275 (August 1997 average).

ANNEX C

FUNCTIONING OF THE ARBITRAZH COURTS

1. **Appointments, staffing and remuneration**. Unlike in the Courts of General Jurisdiction, appointments and staffing are managed internally by the High Arbitrazh Court of Georgia. The arbitrazh judges' remuneration is considerably better than in the Courts of General Jurisdiction, about 300 Lari a month (approximately $240), versus about 40 Lari (approximately $32) a month, about 7.5 times the amount paid to judges of the Courts of General Jurisdiction.

2. **Financing, Administration and management**. The arbitrazh court system, unlike the Courts of General Jurisdiction, is financed directly from the budget (through the MOF). The total budget in 1995 was 24,637 Lari (approximately $17,000) and in 1996 it was 153,430 Lari (approximately $110,000). These figures are several times higher than those of the Courts of General Jurisdiction, despite the much smaller number of judges (25 versus 391). Court fees and the collection system Court fees are extremely high (15% of claims; 10% in case a foreign entity is involved in the first instance; one half of the amount in the second instance). Unlike the Courts of General Jurisdiction, the arbitrazh court system is internally administered and managed through the High Arbitrazh Court of Georgia.

3. **Case Management (Caseloads and Delays).** The caseload in the arbitrazh court system is very low. While there was a surge in cases in 1992, the caseload has gradually decreased. Mainly, the decrease is caused by a low public regard for arbitrazh judges, in terms of their competence in new commercial cases, honesty and integrity. Arbitrazh courts do not seem to have a significant problem with court delays, except in cases requiring expert testimonies.

4. **Execution of judgments**. The execution of judgments is not handled directly by the Arbitrazh Courts. An execution order from the Arbitrazh Courts has to be submitted to the district court in which the arbitrazh ruling took place. This has been done very rarely. Instead of court enforcement, most judgments of Arbitrazh Courts (that are not executed voluntarily) are enforced through the banking system. Pursuant to a 1995 Decree of the Central Bank of Georgia, the winning party has a right to have its commercial bank contact the bank of the losing party and deduct the appropriate amount from his/her account. There is no need to seek a separate consent from the losing party for this transaction. If the winning party's bank refuses to act or if the losing party's bank refuses to comply with the request, the Court can assess fines which can be up to 15 % of the awarded amount. This procedure is unlikely to be used once Georgia adopts a new Civil Procedure Code.

ANNEX D
1 of 5

CATEGORIES OF CIVIL CASES DECIDED IN DISTRICT COURTS

CATEGORIES OF CASES	1995	1996
DIVORCE	2, 212	2,261
ALL RESIDENTIAL DISPUTES	4,471	2,258
PROPERTY DISPUTES	807	111
LABOR DISPUTES	197	302
ALIMONY	274	289
DETERMINATION OF LEGAL FACTS	1,676	3,500
PATRIMONY	53	43
OTHER	1,001	3,937
TOTAL NUMBER OF CASES	**10,691**	**12,701**

ANNEX D
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CASE LOAD OF CIVIL AND CRIMINAL CASES PER JUDGE DISTRICT COURTS* (FIRST INSTANCE) PER MONTH

YEAR	CATEGORIES OF CASES		TOTAL
	CIVIL	CRIMINAL	
1992	10	3	13
1993	8.1	2.9	11
1994	7	3.5	10.5
1995	7	3	10
1996	8	4	12

* There are a total of 182 district judges (first instance)

ANNEX D
3 of 5

NUMBER OF CIVIL CASES IN DISTRICT COURTS (FIRST INSTANCE)

YEAR	CASES FILED*	DECISION RENDERED	PLAINTIFF SATISFIED	TERMINATED CASES*	DISMISSED*	ALL CASES HANDLED	CASES REMAINING*
1992	20,582	15,208	13,470	1,640	4,311	21,488	2,753
1993	16,022	10,888	9,900	1,704	4,043	16,299	2,296
1994	13,992	9,308	8,204	1,047	3,410	14,028	2,273
1995	14,743	10,691	9,926	8,807	2,895	14,711	2,470
1996	16,698	12,701	11.763	870	3,163	16,970	1,992
1st Q 1997	4,084	2,809	2.557	139	577	3,573	2,487

Explanations:

*FILED - Figures in this column do not include cases pending from the previous calendar year.
TERMINATED - for example, due to settlement.
DISMISSED- for example, for the failure of the plaintiff to attend hearings.
CASES REMAINING - cases remaining for the next calendar year

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NUMBER OF CIVIL CASES CONSIDERED IN THE CASSATION INSTANCE*

YEAR	CASES FILED	CASES REMAINING FROM THE PREVIOUS YEAR	CASES RETURNED WITHOUT CONSIDERATION	DECISIONS RENDERED	OUT OF THE DECISIONS RENDERED		
					cases remaining without change	appealed decision abrogated	appealed decision modified
1992	1,890	62	122	1,703	1,230	499	14
1993	1,538	8	102	1,367	882	471	14
1994	1,172	9	58	1,044	702	326	16
1995	1,064	23	38	1,008	648	336	24
1996	1,354	8	60	1,237	811	383	43
1st Q 1997	347	15	19	295	202	80	13

Explanations:

* The following courts have a cassation jurisdiction:
The City Court of Tbilisi;
The High Courts of Abkhazia and Ajara;
The Supreme Court of Georgia.

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NUMBER OF CIVIL CASES CONSIDERED IN THE SUPERVISION INSTANCE*

YEAR	NUMBER OF COMPLAINTS SUBMITTED BY CITIZENS	NUMBER OF PROTESTS WRITTEN **	COMPLAINTS (PROTESTS) SATISFIED)	OUT OF THE COMPLAINTS (PROTESTS) SATISFIED	
				appealed decision abrogated	appealed decision modified
1992	2,045	582	484	450	34
1993	1,965	534	456	427	29
1994	1,432	426	374	352	22
1995	1,392	429	360	336	24
1996	2,475	503	467	432	35
1st Q 1997	736	116	93	87	6

Explanations:

* The following courts have a supervision jurisdiction:
City Court of Tbilisi;
The High Courts of Abkhazia and Ajara;
The Supervision Collegium, Presidium and Plenum of the Supreme Court of Georgia

** Protests can be submitted by the Chairman of the Supreme Court and the Prosecutor General

ANNEX E
1 of 3

THE LIST OF COURTHOUSE FACILITIES AS OF July 1, 1997

#	COURTHOUSE NAME	OTHER FUNCTIONS	YEAR OF CONSTRUCTION	NUMBER OF FLOORS	TOTAL AREA / USEFUL AREA (M2)	TOTAL NUMBER OF EMPLOYEES	PRELIMINARY ASSESSMENT OF REHABILITATION COSTS **
1	Kareli	Procuracy	1982			19	28,575
2	Kvareli	Notary Procuracy Registry	1974			8	4,694
3	Chokhatauri	Legal Consultation	1975			8	7,543
4	Chkorocku		1983 / 74	2	274 / 228	9	5,944
5	Tsageri	Archives Registry	1974 / 67	2	218 / 172	8	5,372
6	Tsalka	Legal Consultation Procuracy	1965 / 72	2	565 / 367	7	2,803
7	Khashuri	Notary	1972 / 73	2	589.7 / 365	15	15,430
8	Kharagauli		1973 / 71	1	295 / 174	7	5,380
9	Akhalgori					8	9,944
10	Ninotsminda	Notary	1950	1	300 / 215	8	2,541
11	Dmanisi					8	5,204
12	Dedoplistskaro	Legal Consultation Registry	1972			13	5,180
13	Rustavi		1979 / 68	2	600 / 360	21	5,153
14	Chiatura	Notary	1983 / 84	2	624.5 / 192.8	15	3,265
15	Gori	Notary	1972	3		35	9,372
16	Tkibuli	Notary	1973	2	609.73 / 317. 2	12	11,658

ANNEX E
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#	COURTHOUSE NAME	OTHER FUNCTIONS	YEAR OF CONSTRUCTION	NUMBER OF FLOORS	TOTAL AREA / USEFUL AREA (M2)	TOTAL NUMBER OF EMPLOYEES	PRELIMINARY ASSESSMENT OF REHABILITATION COSTS **
17	Zugdidi		1986			25	29,718
18	Akhalgori		1974 / 78	1	359 / 244		
19	Abasha		1971	1	265.1 / 167.8	8	7,086
20	Adigeni		1972 / 71			6	7,085
21	Aspindza	Procuracy	1977 / 87	2	675.71	7	27,932
22	Akhaltsike	Military Court Notary Registry	1977			11	14,630
23	Akhmeta	Legal Consultation	1986 / 60	1	267 / 71.9	8	4,271
24	Borjomi	Notary	1986 / 88	2	930.5 / 424.5	14	32,009
25	Gardabani	Police Procuracy Security Services	1974 / 70	5	730 / 520	24	2,590
26	Gurjaani	Procuracy	1977	3		16	16,573
27	Dusheti		1892		1316 / 694	11	4,385
28	Vani		1975 / 72	1	280.3 / 255.3	8	7,543
29	Zestaponi	Notary	1975	2		16	8,736
30	Terjola	Legal Consultation Registry	1982	1	40 / 26	9	1,494
31	Telavi	Archives Registry	1972			15	26,769

ANNEX E
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#	COURTHOUSE NAME	OTHER FUNCTIONS	YEAR OF CONSTRUCTION	NUMBER OF FLOORS	TOTAL AREA / USEFUL AREA (M2)	TOTAL NUMBER OF EMPLOYEES	PRELIMINARY ASSESSMENT OF REHABILITATION COSTS **
32	Tianeti	Archives Registry	1974 / 77	1	1803.65 / 306.12	7	9,829
33	Tetritskaro		1972 / 70	1	260 / 160	10	4,944
34	Kaspi		1975	2	718 / 442.5	14	16,344
35	Lentekhi		1976	1	192 / 112	5	5,600
36	Mtskheta	Legal Consultation Procuracy	1977 / 75	3	860 / 660	19	15,087
37	Ozurgeti	Notary	1973 / 70	2	604.3 / 452.3	20	13,601
38	Samtredia		1982	2		17	5,231
39	Oni		1970	1	20 / 20	7	2,988
40	Sagarejo	Notary	1977			14	14,173
41	Poti						6,392
42	Senaki						29,718

* All amounts are given in USSR Roubles

** All amounts are given in Georgian Lari. GEL 1 - US$ 1.289 September 1997 average.