



Antique Refurbishment Costs of the Atoneli Presidential Residence



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Contents

- Main Findings 4
- Introduction..... 6
- Correspondence between Public Institutions regarding Furnishing the Presidential Residence with Antiques..... 6
- Expenditures on Furnishing the Presidential Residence 8
- Antiques Procured for the Presidential Residence 9
- Restoration Costs of the Procured Antiques 15
- Modern Furniture and Lighting Systems Procured for the Presidential Residence..... 16
- Conclusion 19

Main Findings

- 2,800,000 GEL was allocated from the Contingency Fund to purchase antique and modern furniture, lighting systems and other decorations selected by the administration for furnishing the Atoneli Presidential Residence;
- Total expenses amounted to 2,174,783 GEL, out of which 1,199,558 GEL was spent on purchasing antique furniture and other interior accessories, 255,000 GEL on their restoration, and 720,225 GEL on modern furniture, lighting systems and curtains;
- According to the protocols, the National Museum working group examined 58 antique items on the spot in two days and determined reasonableness of their purchase through visual inspections;
- The National Museum working group examined in total 62 antique items, out of which 51 were deemed appropriate to purchase at the offered price, and 11 were deemed overpriced;
- 47 assessed antique items were purchased with the consent of the commission, among them were: 10 garniture/three-piece suites, 7 desks/marquetry, 7 chandeliers, 5 tables, 3 pendulum clocks, 3 mirrors, 3 candelabrum, 2 carpets, etc;
- Among the antiques purchased for the Atoneli Residence, the most valuable is a XIX century chandelier, manufactured at the Russian Imperial Factory - 59,000 USD;
- In total 133,410 USD / 391,112 GEL was spent on 4 antique chandeliers;
- The most expensive among the purchased antique furniture (garnitures, marquetry, tables) was the “secretary desk” from Paul I era, Russia – with initial price of 18,100 USD;
- Among the purchased antique items are various pricey interior accessories, for example, seven Iranian paintings at 8,500 USD, a pair of Iranian rooster figurines at 4,310 USD, 3 pairs of candelabrum – between 3,000 and 8,000 USD each, 3 pendulum clocks – each priced from 7,000 to 18,000 USD, two oriental carpets each costing between 5000 and 7000 USD, etc.
- None of the purchased antique items are of Georgian origin. European origin is indicated for 25 units, French origin for 11 units, Russian for 6, Iranian for 3, and Oriental origin for 2 units;

- Apart from the antiques, 111 units of various modern furniture were purchased for the Presidential Residence without a tender (1 book shelf, 2 sofas, 13 tables, 60 chairs, 22 consoles, 5 dressers/armoires, 8 pedestals);
- Among the purchased modern furniture the most expensive are the sofas costing 13,000 EUR and 10,300 EUR;
- 120 units of modern lighting systems were purchased for the Presidential Residence (17 chandeliers, 49 sconces, 38 standing lamps, 9 table lamps, 7 lightbulbs);
- Each unit of the 17 modern chandeliers is priced between 1,900 and 6,000 GEL, the 38 standing lamps each priced between 300 and 4,000 GEL, 49 sconces each priced between 700 to 2,700 , 9 table lamps each prices from 1,100 to 1,500 and 7 lightbulbs each priced at 41,9 EUR.

Introduction

On October 8, 2019, “Mtavari” TV channel [reported](#) that considerable amount of money was spent from the state’s budget for furnishing the Atoneli Presidential Residence with antique and modern furniture.

According to the Administration of the President, the decision to furnish the Presidential Residence with antiques was an attempt to preserve cultural heritage for society and future generations. Furthermore, according to the statement of the President’s advisor, purchasing antiques was cheaper than buying modern manufactured furniture in Georgia.

The costs associated with furnishing/maintenance of the Atoneli Presidential Residence are especially interesting, as the current government requested from the previous president (Giorgi Margvelashvili) to move from the Avlabari Residence with the argument of cutting down expenses.

Within the scope of this research, IDFI attempted to explore how the process of furnishing the Atoneli Presidential Residence with antique and modern items was conducted and how much was spent from the state budget on the procurement of various museum exhibits and modern items. IDFI requested the relevant public information from the assumed stakeholders: the Administration of the President, the Special State Protection Service of Georgia, the State Maintenance Agency, Georgian National Museum, the Administration of the Government of Georgia, Levan Samkharauli National Forensics Bureau.

Based on the documentation (correspondence between public institutions regarding the furnishing of the Residence, assessment protocols of antique items, draft decree of the government on the issuance of resources from the contingency fund, invoices and receipts from the involved companies, etc.) provided by the above mentioned public institutions, a detailed analysis of budget expenditure on furnishing the Presidential Residence was prepared, which can be used to assess reasonableness of expenses.

Correspondence between Public Institutions regarding Furnishing the Presidential Residence with Antiques

Official communication between public institutions regarding furnishing the Presidential Residence with modern and antique furniture and various interior accessories, began on March 22, 2019, when the Administration of the President addressed Georgia’s State Maintenance Agency with the request to initiate all necessary procedures for expertise and procurement of the selected antique items. More specifically, the agency was informed that selected antique furniture, chandeliers and interior accessories were designated for the historical areas of the Presidential Residence, and most of them were under private ownership. In order to procure them, it was necessary to carry out their antiquity and price expertise with the help of Levan Samkharauli National Forensics Bureau. A list of selected antique items was attached to the above-mentioned letter, their total value amounted to **426, 300 USD**. Approximately 2 weeks later, on April 4, 2019, the Administration of the President addressed the State’s Maintenance Agency with another similar letter, where it additionally explained that the antique items were selected by the Advisor to the President of Georgia on Education, Culture and Science and that their forensic study was to be conducted not only by the National Forensics Bureau, but also by the National Museum’s specialized experts.

On April 22, 2019, the Administration of the President notified the Agency about additional modern furniture and interior accessories that were selected with the help of a designer. According to the invoices from several companies, attached to the letter, most of the selected items were made in Europe and their total cost was 187,941 EUR and 228 909 GEL, Furthermore, estimated costs for restoration of antique furniture were included and amounted to 54,752 USD.

According to the three prior letters and the invoices forwarded to the State's Maintenance Agency, the total cost of all goods to be procured amounted to approximately 2.1 million GEL.

On May 1, 2019, the State Maintenance Agency addressed its supervising authority, the Special State Protection Service of Georgia, requesting mediation on the subject of allocating funds needed for forensics and furnishing of the Presidential Residence (2.250000 GEL in total) from the Contingency Fund of Government of Georgia. On the same day, the Special State Protection Service addressed the Minister of Finance of Georgia and submitted the draft decree of the Government of Georgia, which envisaged the provision of 2,250,000 GEL to the State Maintenance Agency from the Government's Contingency Fund.

On June 5 and 7, 2019, the Administration of the President of Georgia presented a revised list of furniture and inventory to be purchased to the State Maintenance Agency, the final total price of which amounted to 240,908 GEL, 732,758 USD and 63,973 EUR. The total cost was increased by approximately half a million GEL, accordingly, the amount to be allocated from the Contingency Fund was increased to 2.8 million GEL. The Maintenance Agency notified the Special State Protection Service on the same day, regarding the revised list provided by the President's Administration, and the SSPS in turn, forwarded the draft decree of the Government on the provision of resources from the Contingency Fund to the Ministry of Finance, on 11th of June. **On June 19, the Government of Georgia issued a decree, according to which, 2,800,000 GEL was provided for furnishing the Presidential Residence from the Contingency Fund.**

On June 26, 2019, the State Maintenance Agency addressed Georgia's National Museum with the request of consultation and service to determine authenticity and approximate market value of the antique items to be procured for the Presidential Residence. On June 27, after getting confirmation from the National Museum about its representatives engagement in the examination of the items, the latter were provided with the list of antiques to be purchased, in order to ascertain their authenticity and approximate value. **On June 28 (according to the Museum's protocol), the National Museum concluded the analysis of a majority of antique items.**

On June 28, 2019, it becomes apparent from the State's Maintenance Agency's correspondence with the Administration of the President, and later on July 2, with the National Museum, that due to the high importance and value of the procurement, the Agency made a decision to examine antique items with the commission of the specialists of the National Museum.

On July 1, the National Museum sent part of protocols prepared by the working group about the items to be purchased to the Agency, and the remaining protocols were provided on July 10. Based on the Museum's examination, it was determined that for some items, the initial price requested by the owner was higher than the item's actual value. According to another letter sent from the Agency to the Museum on July 25, some mentioned items were still being considered for procurement and their additional examination was requested in order to establish their authenticity and value. On July 26th and 29th, the Museum submitted the results of the reexamination.

The protocols issued by the commission on June 30, and July 3, 2019, deemed the procurement of items for the Presidential Residence expedient.

On October 4, 2019, the Administration of the President sent a list of purchased items that required restoration to the State Maintenance Agency. The total cost of restoration amounted to 82,600 USD.

The Scheme of Communication regarding the Issuance of Resources from the Government's Contingency Fund for Furnishing the Presidential Residence

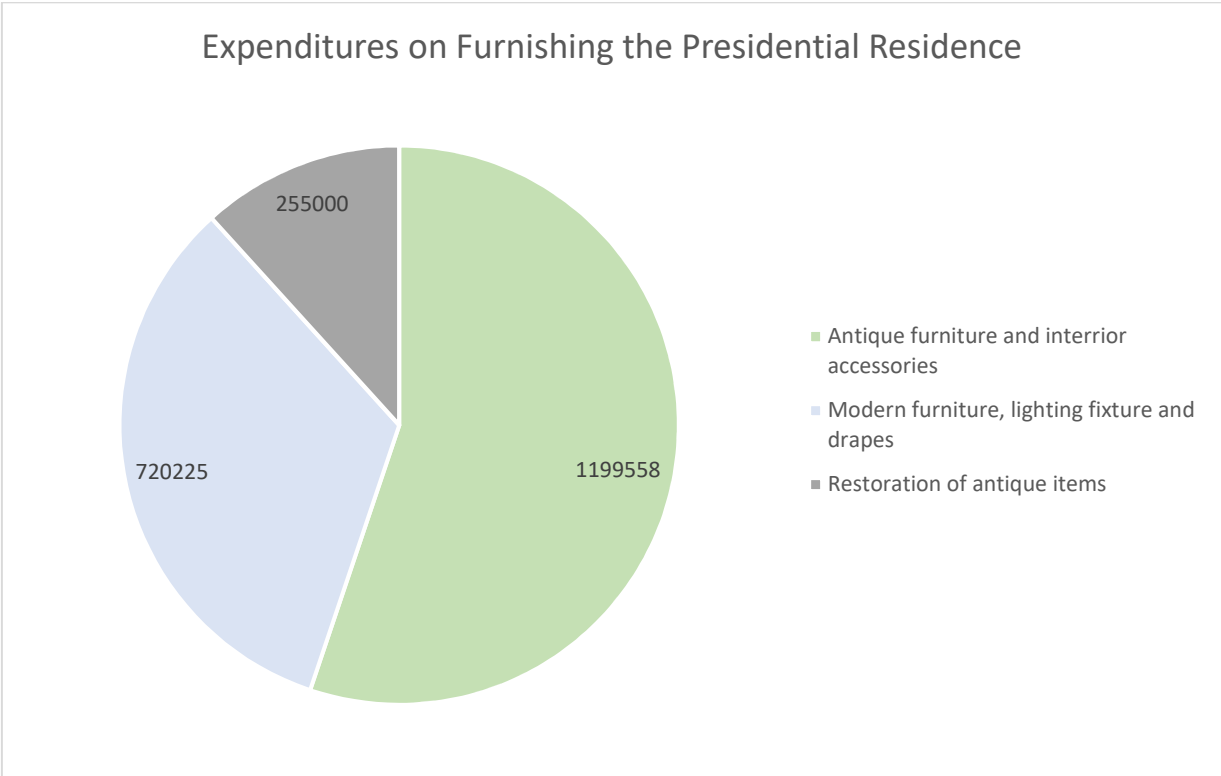


Expenditures on Furnishing the Presidential Residence

On June 18, 2019, 2,800,000 GEL was allocated from the Government's Contingency Fund on the procurement of antique and modern furniture and various other items, selected by the President's Administration, for furnishing the Presidential Residence.

According to the information provided by LEPL State Maintenance Agency, 2,174,783 GEL worth of procurement was carried out from the amount allocated from the Contingency Fund, out of which 1,199,558 GEL was spent on procurement of antique furniture and other interior accessories, 255,000 GEL on their restoration, and 720,225 GEL on purchase of modern furniture, light fixtures and drapes.

This usage rate of the allocated amount is caused by refraining from purchasing certain antique items, mostly due to the commission's unfavorable decision. From the items, selected by the Administration of the President, items worth 144,200 USD were not purchased.



Antiques Procured for the Presidential Residence

The President’s Administration selected 67 privately owned antique items for furnishing the Presidential Residence, for which the total requested price amounted to 650,158 USD.






In order to examine the authenticity and value (average market price) of the selected antique items, the President’s Administration considered the involvement of relevant experts from Levan Samkharauli National Forensics Bureau and experts from the National Museum. However, according to the documents provided to IDFI, only three experts from the National Museum participated in the analysis of the items. According to the National Forensics Bureau, they were not consulted on this matter at any point.

It is noteworthy that on June 26, 2019, Georgia’s State Maintenance Agency requested assistance from the National Museum in examining the selected antique items. Next day (after receiving the confirmation from the National Museum on cooperation), a list of selected items was sent to the Museum, and on June 28 (according to the protocol issued by the Museum), the Museum had already concluded examination of the majority of items (58 items). As reported by the Museum’s protocols, the authenticity of the items and expediency of the requested price was examined only through visual inspection on the spot.

Therefore, the Museum working group examined 58 antique items on-the-spot in two days and through visual inspections determined expediency of their purchase.

According to protocols, out of the 67 items sent to the National Museum for examination, the working group examined 62, 51 were deemed appropriate to be purchased for the initial requested price, and 11 items were deemed overpriced compared to their market value. Out of these 11 items, the National

Museum was asked to conduct further examinations on five items, in order to determine their market value. According to the documentation provided by the Museum, additional examination protocols were prepared for three items. Specifically, a XIX century royal chandelier (initial requested price - 32,200 USD) was valued at 20,000 USD (purchased for 20,300 USD), a XIX century gold gilded pendulum clock (initial requested price - 10,100 USD), valued between 7,000 USD and 8,000 USD (purchased for 7,000 USD), and XIX century three-piece suites, for which the working group's decision was changed after reexamination, and the initial requested price of 2,500 USD was deemed appropriate (was not purchased). For the remaining 2 items (XX century book shelf and XIX century gold gilded mirror) results of reexaminations are unknown, although these items were not purchased.

| Antique Items for which the Commission Requested Additional Examination | | | | | |
|---|---|---|--|---|---|
| Selected items |  |  |  |  |  |
| | 18 candle chandelier | 19 th century gold gilded pendulum clock | 19 th century three-piece suites | 20 th century book shelf | 19 th century gold gilded mirror |
| Rejected price | 32,200\$ | 10,100 \$ | 2,500\$ | 15,000\$ | 6,500\$ |
| Value determined after reexamination | 20,000\$ | 7,000\$-8,000\$ | 2,500\$ | Unknown | Unknown |
| Purchasing price | 20,300\$ | 7,000\$ | Not purchased | Not purchased | Not purchased |

ოქმი №62

2019 წ. 9 ივლისი

სსიპ საქართველოს სახელმწიფო უზრუნველყოფის სააგენტოს დირექტორის 2019 წლის 26 ივნისის №8/38 და 27 ივნისის №8/39 წერილის საფუძველზე, საქართველოს ეროვნული მუზეუმის თანამშრომლებისგან დაკომპლექტებულმა სამუშაო ჯგუფმა განვიხილეთ საქართველოს პრეზიდენტის რეზიდენციის მოწყობის მიზნით წარმოდგენილი სამუდამო ავტენტურობისა და მიახლოებული საბაზრო ღირებულების საკითხი.

სამუშაო ჯგუფმა ადგილზე [redacted] წიფის ეროვნული მუზეუმის საფუძველზე, სამუდამო შედგენილია სხვადასხვა ავეჯის ნაწილებისგან, არ არის ავტენტური, XIX საუკუნის, ევროპა. მისი შემთავაზებული ფასი **2,500 - დოლარი** (პოზიცია N14) **აღმატება წიფის დირექტორს.**




ოქმი №63

2019 წ. 26 ივლისი

სსიპ საქართველოს სახელმწიფო უზრუნველყოფის სააგენტოს დირექტორის 2019 წლის 25 ივლისის №8/44 წერილის საფუძველზე, საქართველოს ეროვნული მუზეუმის თანამშრომლებისგან დაკომპლექტებულმა სამუშაო ჯგუფმა დამატებითი განვიხილეთ საქართველოს პრეზიდენტის რეზიდენციის მოწყობის მიზნით წარმოდგენილი სამუდამო ავტენტურობისა და მიახლოებული საბაზრო ღირებულების საკითხი.

სამუშაო ჯგუფმა ადგილზე [redacted] წიფის დამატებითი კვლევის საფუძველზე დაადგინა - მიუხედავად იმისა, რომ წიფი შედგენილია და სხვადასხვა კომპლექტის ნაწილებს წარმოადგენს, დამოუკიდებლად ტახტი და საგრძლზე ავტენტურია, განკუთვნილია XIX საუკუნის ევროპულ ნაწარმს. შემთავაზებული ფასიდან **2,500 - დოლარი** (პოზიცია N14) გამომდინარე, სამუშაო ჯგუფმა მისი შეტენა ჩათვალა მიზანშეწონილად.




Georgia's National Museum working group's changed decision regarding the market value of antique items.

Based on the National Museum working group's reports about the procurement of antique items for the Presidential Residence, a specially created commission, comprised of 9 members, the Director, the Deputy Director, and the Head of economic department of LEPL Maintenance Agency, LEPL Special State Protection Service's deputy head of the economic department, Advisor to the President on Education, Culture and Science, Director of State Museum of Theatre, Music, Cinema and Choreography, and three staff members from the National Museum, made the final decision.

In total, 47 evaluated antique items were procured for the purpose of furnishing the Presidential Residence, with the approval of the commission, for which in total, 416,801.20 USD (1,199,558.16 GEL) was spent. Among these items are: 10 three-piece suites, 7 desks/marquetry, 7 chandeliers, 5 tables, 3 pendulum clocks, 3 mirrors, 3 candelabrum, 2 carpets, etc.

Among the antiques purchased for the Atoneli Residence, the most valuable is a XIX century chandelier, manufactured at the Russian imperial factory - 59,000 USD; XIX century imperial style chandelier – 27,300 USD, XIX century oriental chandelier – 26,810 USD, XVIII-XIX century era European royal chandelier – 20,300 USD. In total, 133,410 USD /391,112 GEL was spent for these four individual items.

The most expensive among the purchased antique furniture (suites, marquetry, tables) was the "secretary desk" from the period of Paul I of Russia (1754-1801) – with an initial price of 18,100 USD, as well as, Russian three-piece suite, table and four chairs (from the same period) – 16,000 USD. The exact price of these items is unknown to IDFI, since the information provided only includes the total amount paid to the sellers for the purchase of several antique items. Another noteworthy expensive piece of antique furniture is the XIX century French three-piece suite, with a table – 13,800 USD.

Ultimately, out of the 67 items selected for furnishing the Presidential Residence, 20 were not purchased. 9 of them were refused due to the conclusion of the National Museum working group, according to which the requested price for these items were higher than their market value.

The Most Expensive Antique Items Procured for the Presidential Residence



59,000\$ (173,141 GEL) Royal Chandelier -
Gold gilded bronze, blue and white crystal, manufactured in the Russian Imperial Factory, XIX century



27,300\$ (79,637 GEL) Empire style chandelier
(Beginning of XIX century, Europe)



26,810\$ (78,006 GEL) Oriental chandelier-
(Glass XIX century, Iran)



20,300\$ (60,328 GEL) Royal chandelier -
Gold gilded bronze, crystal XVIII-XIX century era, Europe)



"Secretary desk" from the era of Paul I of Russia (1754-1801) – Initial price of 18,100 \$



Three-piece suite, table and four chairs – red wood, era of Paul I, (1754 – 1801, Russia) – Initial price of 16,000 \$



Three-piece suite with a table (beginning of XIX century, France) - purchasing price 13,800\$

Apart from chandeliers and furniture, among the procured antique items for furnishing the Presidential Residence, are a number of expensive interior accessories. For example, seven XIX century Iranian paintings purchased for 8,500 USD (additional 7,000 USD was spent for their restoration), also a XIX century Iranian pair of rooster figurines priced at 4,310 USD.

Among the purchased items can be found three pairs of XIX century European origin candelabrum, which are valued between 3,000 and 8,000 USD, three XIX century French pendulum clocks, valued between 7,000 and 18,000 USD, two XX century Oriental carpets – each, with an initial price between 5,000 and 7,000 USD, etc.



| | |
|--|---|
| Seven paintings, Iran, XIX-XX centuries – 8,500 \$ | Pair of rooster figurines, bronze, Iran, purchased for - 4,310 \$ |
|--|---|



| | | |
|--|---|---|
| Gold-gilded, bronze pendulum clock (XIX century, France) – Initial price 18,000 \$ | Pendulum clock – bronze, baroque style, (beginning of XIX century, France) – Initial price 8,100 \$ | Gold-gilded, bronze pendulum clock, depiction of Artemis (XIX century, France) – purchasing price 7,000\$ |
|--|---|---|



Pair of candelabrum – Empire style, gold-gilded bronze (XIX century Europe) – Initial price – 8,000 \$



Pair of candelabrum – Empire style, gold-gilded bronze, crystal (XIX century Europe) - Initial price 7,000\$



Pair of candelabrum -- Empire style, bronze - (XIX century Europe) - Initial price – 3,000 \$



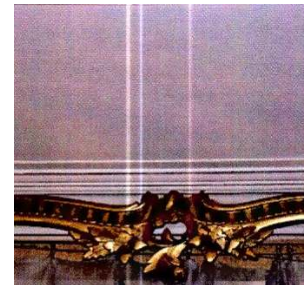
Jacobean mirror – Karelian birch wood, (early XIX century, Russia) Initial price – 10,100\$



Pair of mirrors – pear wood, art nouveau, late XIX century, Europe) Initial price – 10,000\$



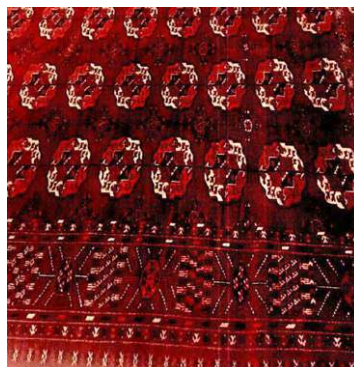
Pair of mirrors – Gold-gilded wood (Late XIX century, Europe) – Initial price – 4,000\$



Four units of curtain headings – Gold-gilded, ornate wood (XIX century, France) Initial price – 2,800 \$



Tekin carpet (Early XX century, oriental) Initial price – 5,000 USD



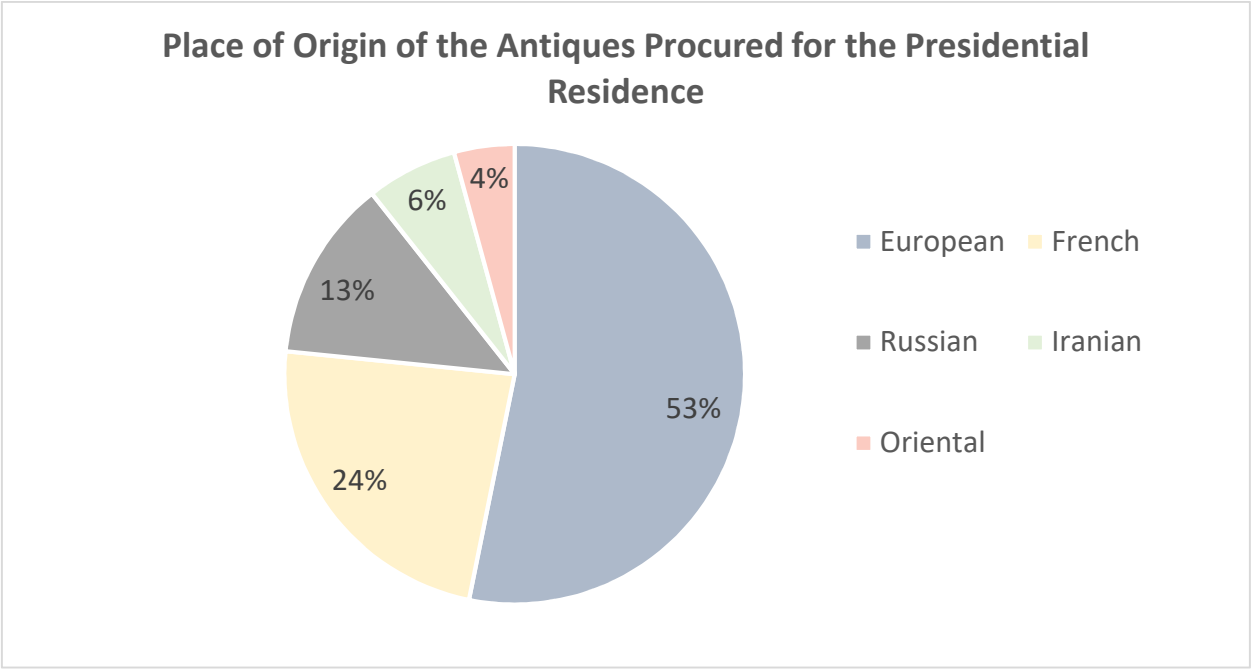
Tekin Carpet (Early XX century, oriental) Initial price – 7,100 USD



Fire place screen – Rococo style, gold-gilded wood, painting (XIX century, Europe) - Initial price – 1,300\$

According to the President’s Administration, the decision to furnish the Presidential Residence with antiques was an attempt to preserve cultural heritage for the society and next generations. Despite this, none of the purchased antique items are of Georgian origin. According to examination protocols, 25 items

are labeled as being of European origin, 11 items of French origin, 6 items – Russian, 3 items – Iranian and 2 items of Oriental origin.



Restoration Costs of the Procured Antiques

The antique items procured for the Presidential Residence were additionally restored. A contract, worth a total of 82,600 USD (255,00 GEL), was signed with LTD Ar Deko to conduct the restoration works. According to the final invoice from LTD Ar Deko, this amount is given as a total sum for the restoration of 20 individual antique items. The largest sum is envisaged for (10,500 USD) the antique Boule marquetry and Boule table restoration. The price includes: restoration of precious stones, wood treatment, brass, changing the marbles, adding bronze, polish, changing broadcloth, cleaning the bronze and gold-gilding.

The second expensive (8,950 USD) work performed involves the restoration of a Boule Marquetry and a suite (Sofa, five chairs and a table), which includes removing old paint, strengthening, changing the textile and gold-gilding.

Among the most expensive restored items, can also be found seven paintings, which were refined, restored, duplicated and stretched with new fabric over frames at 7,000 USD. Furthermore, 5,800 USD was allocated for the restoration of a bureau marquetry and a Jacobian mirror. Restoration expenses for the rest of the items varies between 200 and 3,000 USD. 2,000 USD has been allocated for the transportation of the above mentioned items.

| The Items with the Most Expensive Restoration Expenses | | | |
|--|---|---|-----------|
| | Name | Work done | Value |
| 1 | Bouille, Bouille marquetry, desk | Restoration of precious stones, wood treatment, placing brass changing marbles, adding bronze, polishing, changing broadcloth, surface treatment, bronze cleaning, gold-gilding . | 10,500 \$ |
| 2 | Bouille marquetry, suite (Sofa, 5 chairs and table) | Removal of old paint, strengthening, polishing, changing textile, gold-gilding. | 8,950\$ |
| 3 | 7 paintings | Treatment, cleaning, restoration, duplication, stretching new fabric over frames. | 7,000\$ |
| 4 | Marquetry bureau, Jacobian mirror | Power wash, restoration of bronze, adding brass and polishing | 5,800\$ |
| 5 | Three-piece suite, table and 4 chairs. | Surface restoration, strengthening, full restoration of the table and chairs, changing textile. | 3,000\$ |

Modern Furniture and Lighting Systems Procured for the Presidential Residence

In order to purchase modern furniture, lighting systems and curtains to furnish the Presidential Residence, contracts, worth a total of 720,225 GEL, were signed with seven different companies, without tenders. As prices included in the invoices submitted to the President's Administration by the companies, were in foreign currencies, it can be assumed that a majority of the furniture was procured abroad. For example, modern furniture worth 72,000 EUR was purchased from LTD Archidea, modern furniture and lighting systems worth 20,047 USD from LTD Studio 168, and lighting systems worth 58 069 EUR from LTD ProLight. Furthermore, lighting systems worth 74,002 GEL have been procured from LTD Dalakishvili Lighting.

For the purchase of curtain textiles and tailoring services to furnish the Atoneli Residence, contracts, worth a total of 93,665 GEL, were signed with LTD Interio and LTD Studio Decortex.

| Modern Furniture, Lighting Systems and Curtains Procured for the Presidential Residence | | | |
|---|-----------------------|---------------|-------------------|
| Purchased Product | Supplier | Cost | Value of Contract |
| Modern furniture | Archidea | 72,000 EUR | 233,971 GEL |
| Modern furniture, lighting systems | Studio 168 | 20,047 USD | 62,000 GEL |
| Lighting systems | ProLight | 58,069.33 EUR | 198,000 GEL |
| Lighting systems | Dalakishvili Lighting | 74,001.93 GEL | 74,001.93 GEL |
| Curtain textiles | Interio | 89,750 GEL | 89,750 GEL |
| Curtain tailoring | Studio Decortex | 3,915 GEL | 3,915 GEL |

Review of the submitted invoices showed that apart from antiques, 111 units of various modern furniture were purchased for the Presidential Residence (1 book shelf, 2 sofas, 13 tables, 60 chairs, 22 consoles, 5 dressers/armoires, 8 pedestals), and 120 units of modern lighting systems (17 ceiling fixtures, 49 sconces, 38 floor-lamps, 9 table lamps, 7 lightbulbs);

The most expensive pieces of furniture are sofas purchased from LTD Archidea, for 13,000 EUR and 10,300 EUR. Also, the book shelf was purchased from LTD Casa Verde for 21,830 GEL.

The furniture and lighting systems procured for the Residence, considerably differ from each other in price depending on their purpose, size, design, and quality. For example, the prices of tables vary from 5,700 to 17,000 GEL, the most expensive being a dining table purchased from LTD Casa Verde, for 16,992 GEL and coffee table purchased from LTD Archidea, for 4,100 EUR. Out of the 60 procured chairs, the most expensive is an office chair purchased from Archidea – 1,180 EUR. A majority of chairs was purchased from LTD Studio 168 and their price varies from 333 to 509 USD. The price of consoles varies from 600 to 11,500 GEL, the most expensive of them being purchased from LTD Archidea for 3,550 EUR.

Apart from furniture, the procured modern lighting systems were also notable for their high price. For, example, the prices of the 17 chandeliers vary from 1,900 to 6,000 GEL (the most expensive – 1,808 EUR), the prices of the 38 floor lamps vary from 300 to 4,000 GEL (most expensive – 1,250 EUR), 49 Sconces – each unit at the price from 700 to 2700 GEL (most expensive – 2,655 GEL), 9 lamps each varying between 1,100 and 1,500 GEL (most expensive – 1,475 GEL). The seven lightbulbs were purchased from LTD ProLight, each at the price of 41.9 EUR.

| Modern Furniture and Lighting Systems Procured for the Presidential Residence | | |
|--|----------|---------------------------|
| Product | Quantity | Price per unit |
| Book shelf | 1 | 21,830 GEL |
| Sofa | 2 | From 33,400 to 42,300 GEL |
| Table | 13 | From 5,700 to 17,000 GEL |
| Chairs | 60 | From 1,000 to 3,800 GEL |
| Console | 22 | From 600 to 11,500 GEL |
| Dresser/Armoires | 5 | From 5,400 to 7,235 GEL |
| Pedestal | 8 | 2,660 GEL |
| Chandelier | 17 | From 1,900 to 6,100 GEL |
| Floor lamp | 38 | From 300 to 4,000 GEL |
| Sconces | 49 | From 700 to 2,700 GEL |
| Table lamp | 9 | From 1,100 to 1,500 GEL |
| Lightbulb | 7 | 142 GEL |

Note: The prices in the chart are given as an equivalent in GEL of the prices indicated in the contracts.

The Most Expensive Pieces of Furniture Procured for the Presidential Residence



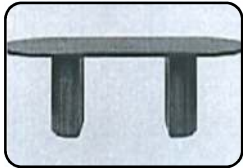
13,000 € Sofa - LTD Archidea



10,300 € Sofa - LTD Archidea



21,830 ₺ - Book sheld - LTD "Casa Verde"



16,992 ₺ - Dining room table - LTD "Casa Verde"



4,100 € Coffee table - LTD Archidea

Conclusion

The procurement of expensive antiques, modern furniture and lighting systems for furnishing the Presidential Residence was made with resources allocated from the Contingency Fund, in a hasty manner, in the absence of proper examination and competition.

The Contingency Funds established within the State Budget are intended for unforeseen expenditures. Therefore, allocation of resources from the Contingency Fund to furnish the Presidential Residence raises the question about the compatibility of this decision with the principles of proper management of Contingency Fund resources. The expenses related to furnishing the Presidential Residence constitutes the type of cost that can be considered during the budget planning and such expenses are hardly caused by a force majeure or unforeseen circumstances.

IDFI considers that allocation of resources from the Contingency Fund for such expenses significantly contradicts the basic principles of administration of Contingency Funds, which implies allocation of funds for unforeseen circumstances. Furthermore, the absence of competition and proper market study when making high value procurements, further increases the risks of mismanagement of budget funds and irrational spending.

The process of procuring antique items for the Presidential Residence (for example, visual inspection process for a majority of antique items completed in two days by the National Museum) and prices of particular items (for example, the chandelier worth 59 000 USD, three-piece suite with table worth 13 800 USD, etc.) casts doubts on the declared intention of the President's Administration's to reduce expenses by purchasing antique items. Furthermore, it arouses suspicion regarding the decision of the Government of Georgia to change the location of the Presidential Residence with the aim to decrease maintenance costs.

The procurement of expensive antique items for the Presidential Residence with budget funds can neither be considered as an optimal solution for preservation of cultural heritage for society and next generations, nor as a proper work of the Administration of the President. The Institute believes that funds necessary for such activities should be allocated to the public institution (The National Museum, for example), responsible for preserving cultural heritage and ensuring the survival and availability of various museum exhibits.

The procurement of modern furniture, lighting systems and curtains worth 720 225 GEL without a tender, carries a notably high risk, in terms of mismanagement of budget funds.

IDFI calls on the State Audit Office to investigate the allocation of Contingency Fund resources for furnishing the Presidential Residence and analyze the expediency and cost-effective management of the allocated funds.

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