

ON CONSTRUCTION ACTIVITIES

Chapter I - Provisions

Article 1 - Scope of the Law

1. This Law determines legal, organisational and economic characteristics of the relations between the participants in construction activities on the territory of Georgia and establish the mechanism for protection and regulation of norms related to these activities.
2. Construction activity in Georgia, which is directed to the development of all branches of the national economy, improvement of housing, community, living, and social conditions of the population, is an inter-branch activity.

Article 2 - Goals of the Law

The goals of the Law shall be:

- a) ensuring efficient functioning of the construction industry; raising the country's economic potential; supporting development of the sectors of the national economy of Georgia; improving social, and community and living standards of the population;
- b) carrying out the main tasks of construction activity, supporting creation of a competitive environment;
- c) ensuring full consistency of the quality and reliability of construction products with their function; ensuring a national and modern architectural and aesthetic design, taking into consideration the environment and its individual components.

Article 3 - Definition of terms

Terms used in this Law have the following meanings:

- a) planning and design works – a complex technical documentation, related to topographic, geological, hydrogeological, and laboratory research, as well as construction, reconstruction, major renovation, rehabilitation, restoration and equipping enterprises with new technologies;
- b) building and assembly works – construction, overhaul, reconstruction, equipping enterprises with new technologies, rehabilitation and restoration works;
- c) construction industry – legal entities under public law and legal entities and natural persons under private law engaged in carrying out research, planning and design, and building and assembly works, as well as in the business of construction materials and wares, and specialised mechanisation and transport;
- d) construction activities – the unity of actions of a client and all participants in the construction industry directed towards delivery of finished buildings to a developer envisaged by a contract;
- e) capital expenditures (purchase of fixed assets) – expenditures borne according to state contracts and/or by natural persons or legal entities for carrying out construction works;
- f) developer – a legal entity under public law, a legal entity or a natural person under private law that, based on a contract, through a client or directly, has relations with a contractor carrying out pre-project, project, building and assembly, and fitting works and to whom the contractor shall commission a finished unit or its part;
- g) client – a legal entity under public law, a legal entity or a natural person under private law, to whom the developer has delegated functions under a contract related to the construction process for establishing direct relations with a legal entity or a natural person – entrepreneur connected with the construction process;
- h) contractor – a legal entity or a natural person - entrepreneur, that shall carry out pre-project, planning and design works, building and assembly works, and fitting works, who has received a licence for design and construction works according to the established procedure and who shall be responsible for works carried out by him/her/it and works carried out by a subcontractor;
- i) subcontractor – a legal entity or a natural person - entrepreneur that under a contract is connected with the contractor to carry out a certain part of works and that has received a licence for design and construction works;
- j) certificate – a document issued according to the procedures of the construction certification system, based on the legislation, which confirms that the production subject to certification meets the specific standards;
- k) licence – a special permit of the state body received according to the legislation, which authorises its owner to carry out planning and design and construction works; under determined conditions;



l) the state body supervising architectural and construction activities – the Legal Entity under Public Law – the Technical and Construction Supervisory Agency, the state bodies of the executive authorities of the Autonomous Republics of Ajara and Abkhazia supervising architectural and construction activities, and bodies of local self-government bodies authorised to supervise architectural and construction activities, which carry out their activities within the scope of the authority granted by the legislation of Georgia;

m) acceptance board – a group of experts formed and approved according to the established procedure, whose task is to determine the operational readiness of finished buildings and structures by appropriate documentation.

Law of Georgia No 829 of 23 December 2008 - LHG I, No 40, 29.12.2008, Art. 286

Law of Georgia No 2264 of 4 December 2009 - LHG I, No 45, 21.12.2009, Art. 333

Law of Georgia No 2804 of 23 March 2010 - LHG I, No 20, 19.4.2010, Art. 109

Law of Georgia No 4469 of 22 March 2011 - website, 1.4.2011

Law of Georgia No 6166 of 8 May 2012 - website, 25.5.2012

Chapter II - Performing Construction Activities

Article 4 – Sources of financing

Construction activities shall be carried out through:

- a) the state capital expenditures;
- b) private capital expenditures;
- c) aggregated capital expenditures;
- d) other means permitted by legislation.

Article 5 - Participants in construction activities

Participants in construction activities shall be: developers, clients, contractors, subcontractors and research organisations related to the construction industry.

Article 6 - Obligations of the participants in construction activities

1. All participants in construction activities shall be obliged to comply with the legislation of Georgia, construction norms, procedures and standards, technical regulations, maintain and submit statistical reports according to established requirements.
2. A client shall select a duly qualified contractor to carry out design and construction works, ensure the provision of construction design expertise, obtain a construction commencement permit from the authorised bodies, as provided for by the legislation of Georgia, and finance the works performed.
3. Construction materials, structures, wares and other construction products may be used in the construction works only with certificates issued under and procedures provided for by the legislation of Georgia.
4. Construction activities, including acceptance of finished units, shall be carried out in accordance with the legal and subordinate normative acts of Georgia.

Law of Georgia No 1287 of 24 September 2013 - website, 8.10.2013

Article 7 - Economic and financial relations of participants in construction activities

1. The economic and financial relations of participants in construction activity shall be determined based on an agreement (contract) concluded between (among) them.
2. The contract shall be a legal document regulating the interrelations between (among) the participants in the construction activities, according to the legislation of Georgia.
3. An estimated account of charges of a design project, approved under the legislation of Georgia, shall be the basis for concluding a contract for carrying out building and assembly works, and a design statement - for carrying out design works.
4. Selection of a partner, conclusion of a contract, the obligation of economic interrelations and determining any other conditions shall be within the scope of authority of the participants in the construction activities, within the scope of the legislation.



Chapter III - Coordination and Legal Regulation of Construction Activities

Article 8 - Coordination of construction activities

1. The Ministry of Economy and Sustainable Development of Georgia shall carry out the state policy in the field of construction. The respective agencies shall carry out the state policy in the field of construction in the Autonomous Republics of Ajara and Abkhazia.
2. The Ministry of Economy and Sustainable Development of Georgia shall develop and approve subordinate normative acts related to design and construction works.

Law of Georgia No 1287 of 24 September 2013 - website, 8.10.2013

Article 9 - Legal regulation of construction works

The executive bodies of Georgia, the Autonomous Republics of Ajara and Abkhazia and local self-government bodies shall carry out the legal regulation of construction activities, within the scope of their authority, according to the Constitution of Georgia, the international treaties and agreements of Georgia, and the legal and subordinate normative acts of Georgia.

Law of Georgia No 5293 of 24 November 2011 - website, 8.12.2012

Chapter IV - Legal Protection and Promotion of Participants of Construction Activities

Article 10 - Legal guarantees

1. The state bodies and officials, except for controlling bodies authorised by the legislation, may not interfere in the economic and financial activities of participants in the construction industry.
2. The courts shall determine material and moral damages caused by participants in construction activities.

Article 11 - Promotion of participants of design and construction activities

1. The forms for promotion of participants of design and construction activities shall be awarding them with the titles of the Honoured Builder of Georgia and the Honoured Architect of Georgia and with a special badge, according to the procedure provided for by the legislation of Georgia.
2. The Ministry of Economy and Sustainable Development of Georgia shall develop and approve the regulations on the Procedure for awarding titles and awarding the Badge.

Law of Georgia No 1287 of 24 September 2013 - website, 8.10.2013

Article 12 - Termination or suspension of construction activities

Construction activities may be terminated or suspended by the Legal Entity under Public Law – the Technical and Construction Supervisory Agency and participants in construction activities on the following grounds:

- a) flagrant violation of construction norms, procedures, standards and contractual obligations;
- b) force majeure.

Law of Georgia No 2804 of 23 March 2010 - LHG I, No 20, 19.4.2010, Art. 109

Law of Georgia No 4469 of 22 March 2011 - website, 1.4.2011

Law of Georgia No 6166 of 8 May 2012 - website, 25.5.2012

Chapter V - The Dispute Resolution Procedure and Liability for Violation of this Law

Article 13 - Dispute resolution



The court shall adjudicate disputes arising between (among) participants in construction activities.

Article 14 - Liability for violating the Law

Violation of the requirements of the Law on Construction Activities shall create liability according to the procedures provided for by the legislation of Georgia.

Chapter VI - Transitional and Final Provisions

Article 15 - Measures to be developed in relation with entry into force of this Law

The Ministry of Urbanisation and Construction of Georgia shall, within one month after adoption of this Law, develop draft regulations on the Procedures for Awarding the Titles of the Honoured Builder of Georgia and the Honoured Architect of Georgia and the Special Badge and submit it to the President of Georgia for approval.

Article 16 - Entry into force of this Law

This Law shall enter into force upon its promulgation.

President of Georgia

Eduard Shevardnadze

Tbilisi,

27 October 2000

No 577-IS

