



ReforMeter

Insolvency Reform Assessment Report

ISET Policy Institute

October 2023

The USAID Economic Governance Program Grant Activity: Support to the Reform Progress Tracking - ReforMeter

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About the Insolvency Reform

Before the current insolvency reform, Georgia’s legislative framework regulating insolvency proceedings fell short of meeting international standards – it did not meet either creditors’ or debtors’ needs and failed to offer incentives to the insolvent companies to choose rehabilitation as their optimal strategy for resolving financial difficulties. To address such barriers, after multisectoral and thorough deliberations, the new law on “Rehabilitation and Collective Satisfaction of Creditors’ Claims” was enacted in Georgia and has been in force since April 2021. As its name suggests, the main goal of the new law is the collective satisfaction of creditors through achieving the company’s rehabilitation, “and where the rehabilitation cannot be achieved, through the distribution of proceeds from the sale of an insolvency estate”¹. The law introduces several innovative mechanisms, modifies institutional setup regulating insolvency proceedings, and ensures that the insolvency process is smooth and efficient. The progress of the insolvency reform is monitored periodically by the ReforMeter. The findings of the third consecutive public-private dialogue on insolvency reform are detailed in the current report.

ReforMeter Methodology

Under the ReforMeter project, reform assessment is conducted through three distinct tools:

1. **Government survey** evaluates government progress in reform implementation across four domains: legal framework; infrastructure and budget; institutional setup; and capacity development. The survey measures the government’s distance from the stated reform objectives from 0% to 100%.
2. **Stakeholder survey** assesses the reform progress across four dimensions: reform content and adequacy; current performance; reform progress; and expected outcomes. The stakeholder survey sets scores on a scale from 1 to 10 for each dimension (the stakeholder questionnaire is attached as Annex I). It is crucial that, apart from the agencies implementing the reform, the stakeholder survey includes every stakeholder who participates in the public-private dialogue regarding the reform.
3. In addition, **economic indicators** identified by the ReforMeter project team about the expected outcomes of the reform have been used to evaluate the reform’s progress.

Insolvency reform assessment integrates all the evaluation mentioned above tools.

The responsible government institutions’ progress in the reform implementation was evaluated against critical milestones that were initially planned to be achieved as identified based on desk research and consultations with key stakeholders of the reform (including the Ministry of Justice of Georgia (MoJ), National Bureau of Enforcement (NBE), Teaching Center of Justice (TCJ), the USAID Economic Governance Program and Business Rehabilitation and Insolvency Practitioners Association (BRIPA)).

The third assessment of the insolvency reform was conducted after the public-private dialogue (henceforth PPD) meeting that took place on September 19, 2023. Another post-reform PPD event is planned in May 2024 within the framework of the ReforMeter project.

¹ Article 1 of the Law of Georgia on "Rehabilitation and Collective Satisfaction of Creditors’ Claims”

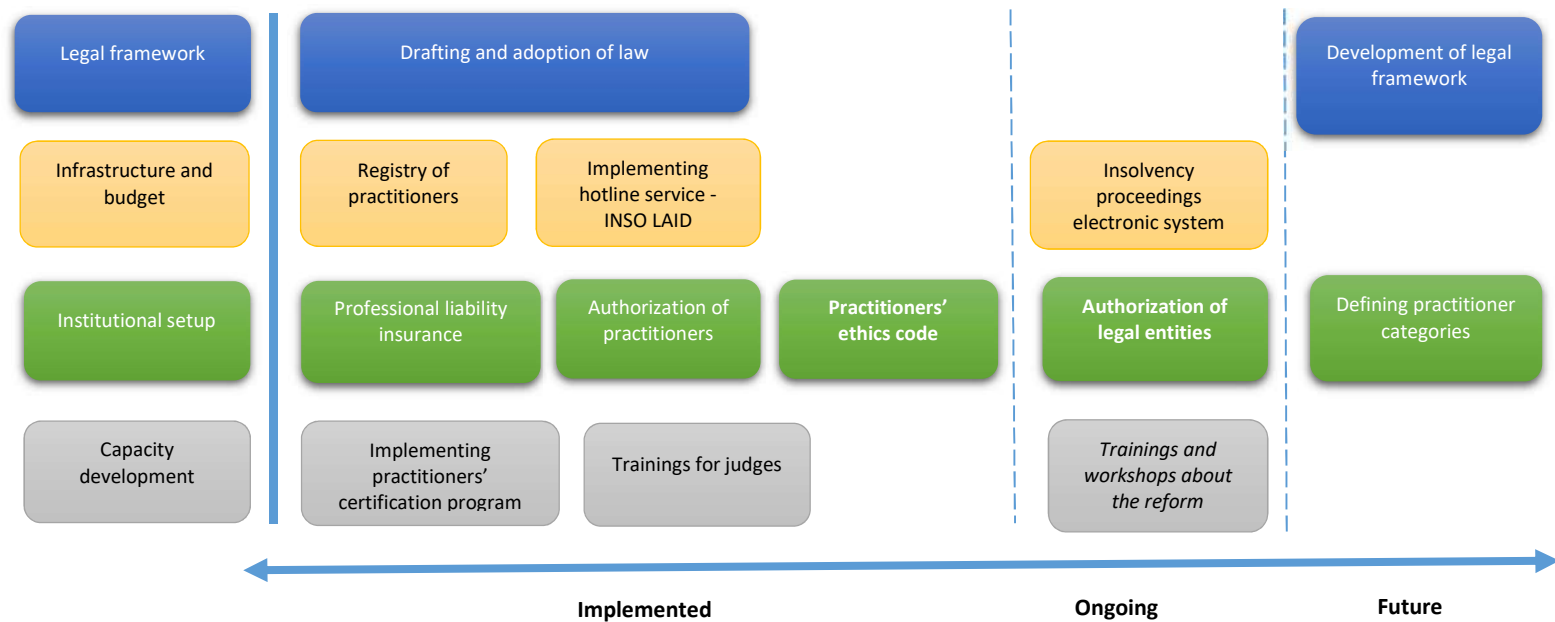
<https://matsne.gov.ge/en/document/download/4993950/0/en/pdf#:~:text=The%20purpose%20of%20this%20Law,sale%20of%20an%20insolvency%20estate.>

Assessment of the Reform Implementing Institutions' Progress

Insolvency reform in Georgia is implemented by the Ministry of Justice (MoJ). Further, two legal entities of public law (LEPL) of the MoJ have delegated authority to be responsible for delivering several activities under the reform. The authority to execute various tasks pertaining to the reform's institutional setup and infrastructure (e.g., authorization of practitioners and implementation of an electronic case management system for insolvency proceedings) has been delegated to the National Bureau of Enforcement (NBE)². It has been determined that the Teaching Center of Justice (TCJ) is the authoritative organization in charge of designing and administering the Insolvency Practitioner's (IPs) certification program. Other central institutions engaged in the development and implementation of the reform include the Business Rehabilitation and Insolvency Practitioners Association (BRIPA), in addition to state agencies. As the representative body for professionals in the field of insolvency, BRIPA is tasked with developing a range of professional instruments and support systems to facilitate the reform (e.g., the implementation of hotline service INSO AID, and the development of a practitioners' ethics code). Additionally, BRIPA oversees the execution of capacity development activities that are incorporated into the reform's framework.

As of September 2023, the principal reform activities and status of their completion are detailed in the figure below (Figure 1).

Figure 1: Reform Activities and the Status of their Completion



Overall, the qualitative assessment conducted with the representatives of the reform implementing institutions has revealed that the reform has been implemented successfully - significant advancements have been achieved by the implementing institutions across all the primary domains included in the reform. BRIPA has implemented a practitioners' ethics code as of the preceding reporting period

²According to previous insolvency framework, LEPL National Bureau of Enforcement had crucial role in insolvency proceedings – it acted as a mandatory trustee during insolvency process; it managed the company bankruptcy in certain occasions defined by the law and offered auction services to the insolvents. In accordance with the provisions of the new insolvency law, the LEPL National Bureau of Enforcement is entrusted with the authority to authorize various institutional as well as infrastructural activities.

(December 2022). Additionally, the association is engaged in the organization of a variety of professional development and awareness-raising workshops and courses. Furthermore, the National Bureau of Enforcement (NBE) announced a call for legal entities to obtain practitioner authorization. Nevertheless, despite the institution's preparedness, no applicants were seeking this option.

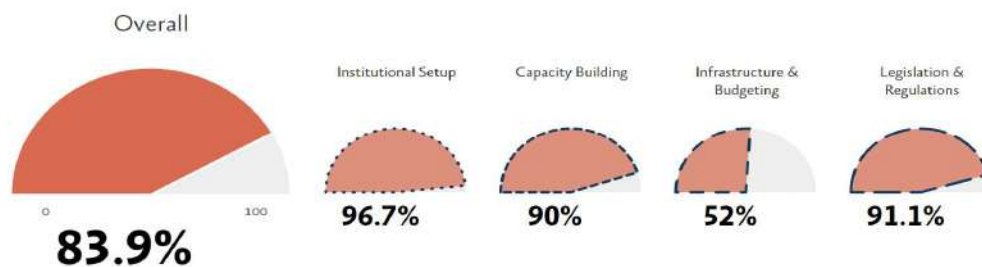
Notwithstanding the accomplishments gained in completing the activities, certain challenges persist in the course of implementing the reform. For instance, the electronic system for insolvency proceedings has not yet been put into operation. This activity is under the responsibility of the National Bureau of Enforcement (NBE). The Bureau's readiness to implement an electronic system for insolvency proceedings is noteworthy, even though the necessary financial resources have not yet been allocated to initiate this process. To achieve this objective, the National Bureau of Enforcement (NBE) suggests integrating an electronic system for insolvency proceedings into the Bureau's existing electronic infrastructure, utilized during the enforcement procedures. Furthermore, specific weaknesses persist in the operational efficiency of the electronic registry of the practitioners. Professionals in the field assert that the current algorithm of the registry disproportionately assigns cases to IPs, resulting in an unequal workload for authorized practitioners during the management of insolvency proceedings.

Notable hindrances also exist in the practical implementation of the new insolvency reform. Stakeholders, including the Revenue Service and BRIPA, have discussed the need to introduce legislative amendments in the future regarding this matter. In terms of capacity development, from this perspective, an increase in the number of certified insolvency practitioners is deemed unnecessary. Additionally, there is also no necessity to define practitioner categories considering the limited load of insolvency cases. However, there will come a point where the volume of cases substantially rises, necessitating these activities to be carried out. For instance, defining practitioner categories may become necessary after certifying a new group of practitioners, as this will highlight the distinctions between professionals in the field regarding their qualifications (e.g., according to experience in managing insolvency cases under the new law).

Lastly, the low level of business uptake of the new insolvency law and its instruments represents a significant obstacle. Consequently, it is critical to increase the general awareness of the new legislation, which will make the reform's advantages more visible and tangible.

According to the findings of a survey of the reform implementing agencies, 83.9% of planned insolvency reform activities have been completed, as shown in Figure 2 below. Activities scheduled under the scope of institutional setup showed the highest implementation rate (96.7%). The rate of implementation of the activities under the legal framework (91.1%) and capacity development (90%) is likewise high. The activities planned under the infrastructure and budget (52%) received the lowest assessment because of the absence of an electronic case management system and flaws in the algorithm of the IP registry (Figure 2).

Figure 2. Results of the Survey of the Reform Implementing Agencies³



³Different scores have been assigned to the four domains of reform progress assessment, with consideration given to the quantity and complexity of activities encompassed within each domain. The distribution of the scores was as follows: Legal framework - 45%; Institutional setup - 15%; Infrastructure and budget - 20%; Capacity development - 20%.

Stakeholder Survey

Various stakeholders participated in the third public-private dialogue around the insolvency reform, including representatives from the National Bureau of Enforcement, Business Rehabilitation and Insolvency Practitioners Association (BRIPA), Ministry of Justice, Teaching Center of Justice, Revenue Service, multiple business associations and representatives of the private and public sectors.

The stakeholder group assessed the reform with a score of 8.45 out of 10, showing strong overall performance. It is noteworthy to mention that, apart from the current performance, which exhibited a slight decrease of 0.02 points, the scores of all assessment components showed an upward trend in comparison with the outcomes of the prior assessment. In contrast to the assessment conducted by stakeholders during the second consecutive PPD event, the implementation of the insolvency reform received an overall improvement of 0.27 points.

Figure 3. Results of stakeholder survey (as of III PPD Meeting conducted in September 2023)



Public-Private Dialogue

The subsequent section of the report provides a summary of the perspectives outlined during the public-private dialogue event:

- Mr. Mirian Kharabadze, chairman of the National Bureau of Enforcement, provided the attendees with an update on the status of the activities that fall under the bureau's responsibility. As noted, the organization has granted 18 applicants insolvency practitioner authorization since the new law came into effect. In addition, emphasis was placed on the Bureau's institutional preparedness regarding the authorization of a greater number of practitioners. Furthermore, it was noted that the bureau must establish an electronic system for insolvency proceedings; however, financial assistance is required in this regard. The proposal put forth by the Bureau entails the integration of an electronic system for insolvency proceedings into the existing electronic system of the NBE, utilized for enforcement procedures. The significance of enhancing the algorithm of the practitioners' register was also highlighted in this context. Furthermore, Mr. Kharabadze emphasized the necessity for the NBE to consolidate statistical data related to insolvency proceedings. The Bureau aspires to establish a working relationship with the Business Rehabilitation and Insolvency Practitioners Association (BRIPA) to gather statistical data regarding the proceedings through its practitioners.
- The chair of the Business Rehabilitation and Insolvency Practitioners Association (BRIPA), Nana Amisulashvili, also examined the progress of the insolvency reform. To increase the law's practical application over time, she emphasized the importance of attentively monitoring the reform's progress. Additionally, she discusses BRIPA's three active directions to improve reform implementation:
 1. **Practice analysis**, which consists of data collection, analysis, and monitoring of the reform's progress

2. **Professional development**, which entails the coordination of numerous types of discussions and seminars for professionals in the field.
 3. **Awareness-raising activities**, through meetings and training conducted across Georgia (including regions), through which the association tries to increase public awareness regarding the new legislation. However, a low number of requests to commence insolvency proceedings reflects the fact that, notwithstanding the endeavors of BRIPA, awareness of the law remains limited.
- Vakhtang Zhvania, director of the Teaching Center of Justice (TCJ), reiterated the organization's preparedness to certify an additional group of insolvency practitioners and reviewed the outcomes of the initial certification phase: 20 of the 21 certified practitioners requested authorization from the National Bureau of Enforcement (NBE), and 18 were authorized by NBE. Additionally, it has been noted that over time more individuals are interested and willing to join the Insolvency Practitioner certification program. As stated by an agency representative, the training center has thus far instructed approximately 5,000 individuals on insolvency reform as part of its current activities. Vakhtang Zhvania stated that an increased number of informational events regarding the reform and the newly introduced legal instruments can be organized via the regional centers of the TCJ in collaboration with BRIPA.
 - Beyond analyzing reform activities, the PPD evaluated the practical advancements of the recently adopted insolvency law. Iona Kiziria, a representative of the Methodology Department of the Revenue Service, stated that it became necessary for the Revenue Service to introduce a fixed 15-day deadline for the submission of financial declarations by potentially insolvent businesses. This action is anticipated to have a positive impact on the efficacy of law enforcement, put an end to manipulations, and raise the degree of justice between the public and private sectors. Furthermore, emphasis was placed on the favorable impacts that the implementation of a mandatory 9-month deadline for the adoption of the rehabilitation plan had on the conduct of debtors.
 - Once more, the concluding segment of the PPD meeting centered on the favorable characteristics of the newly enacted law. The representative of the Georgian Ministry of Justice emphasized the favorable aspects of the law while responding to the World Bank's new pilot ranking "Business Ready". The report assesses the efficacy of the insolvency legal framework in particular jurisdictions, among other factors.

Reform Tracking Indicators

Tracking reform-related objective indicators is one of the key components of reform progress evaluation under the ReforMeter project. The selected indicators are based on the data retrieved from two main sources: a. the Supreme Court of Georgia, b. electronic portal for court cases registration – ecourt.ge⁴. The data retrieved from the Supreme Court of Georgia covers the period from 2012 to 2022. It is available at an aggregated level and allows for only general dynamic analysis of the number of insolvency cases (e.g. backlog of insolvency cases, initiated insolvency cases, and completed insolvency cases in the given year). The indicators developed through analysis of the ecourt.ge, however, are different from the ones constructed based on the Supreme Court data. An online platform www.ecourt.ge unites any update on insolvency case proceedings in the form of court rulings issued since May 2019. Thus, the platform presents information on all insolvency cases that were initiated or updated since May 2019. Hence, it allows for the measurement and comparison of more sophisticated indicators, such as the duration of insolvency proceedings and the share of rehabilitation regime in the initiated insolvency cases.

⁴ www.ecourt.ge

1. Number of Insolvency Cases

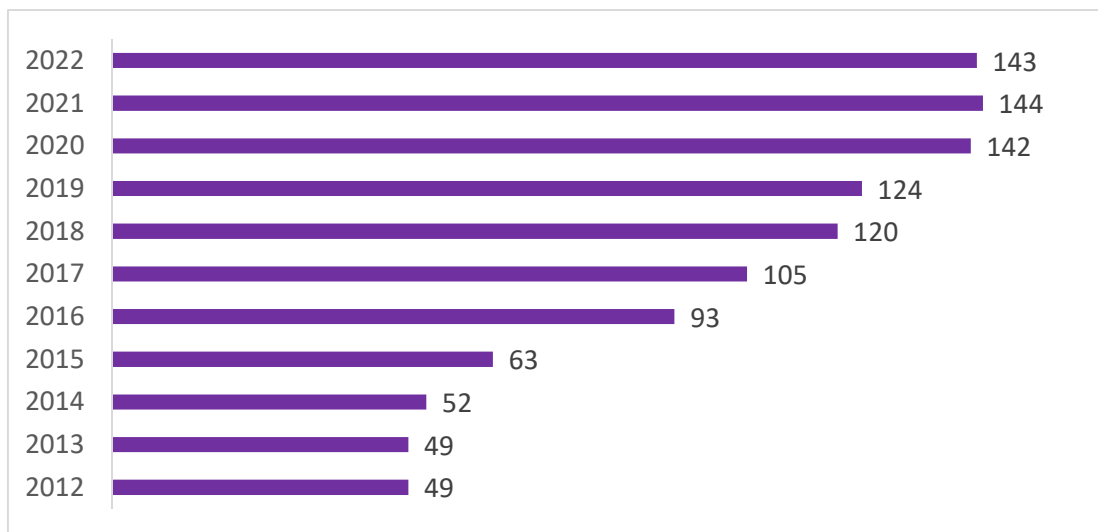
1.1. Number of Insolvency Cases (the Supreme Court of Georgia)

One of the important indicators that could be used to diagnose the insolvency system efficiency is the number of initiated as well as completed insolvency cases across time. To better grasp the general picture, we first look at three indicators that are based on the aggregated data received from the Supreme Court of Georgia: backlog of insolvency cases at the start of the year, number of insolvency cases that were filed for trial, and number of completed insolvency cases⁵.

1.1.1. Backlog of insolvency cases at the start of the year

The backlog of insolvency cases observed at the start of the year could be an indicator of the workload of Georgian courts in the process of managing insolvency proceedings. Graph 1 shows that the backlog of insolvency cases at the beginning of the year increased during the reporting period, albeit at different rates. More precisely, in 2020, the number of such cases increased notably by 18. However, from 2021, the rate of growth slowed down visibly. By 2022, the balance indicator decreased by 1 case. This might allow us to deduce that the efficiency of the Georgia courts in handling insolvency cases has increased relatively in recent years.

Graph 1. Backlog of insolvency cases at the start of the year



Source: Supreme Court

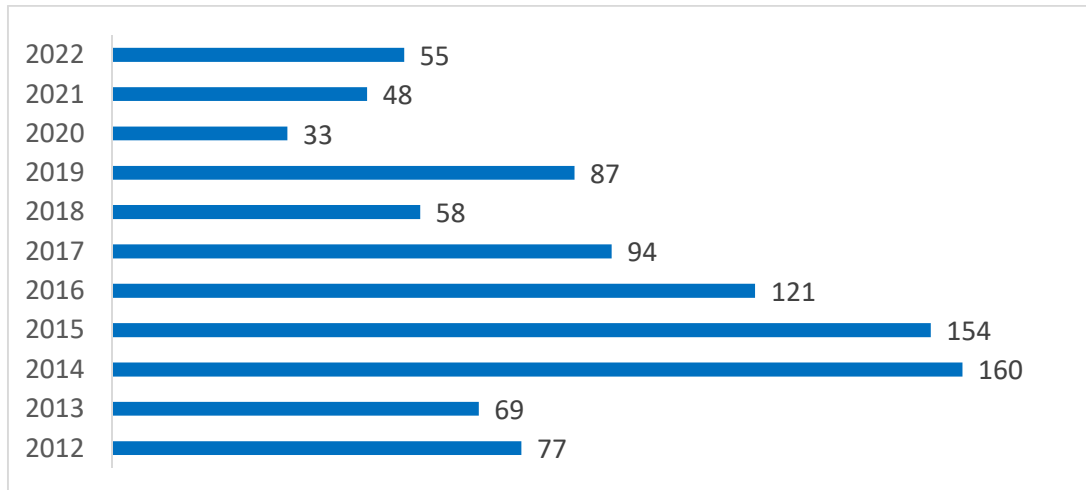
1.1.2. Number of insolvency cases that were filed for trial

Firm insolvency is a natural characteristic of a market economy. Moreover, as economic conditions worsen it is logical to expect that, countercyclically, more insolvency cases will be filed for trial in courts. Thus, after the sharp economic contraction in 2020, we would have expected to observe an increasing number of cases that were filed for trial. Graph 2 clearly shows the opposite dynamic, where the number of insolvency cases referred to the courts for consideration decreased in 2020. Such a trend can be

⁵ Insolvency cases filed for trial, that were examined in the court through delivering a decision

explained by the fact that due to the regulations related to COVID-19, the functioning of the courts was also interrupted in 2020. Thus, the court's capacity to receive insolvency case proceedings was limited. Nevertheless, in parallel to the easing of regulations, compared to the pre-2020 picture, the number of insolvency cases brought to court has not increased significantly. This can probably be attributed to the introduction of the new insolvency law, about which the level of awareness in business, according to professionals in the field, remains low.

Graph 2. Number of insolvency cases that were filed for trial.



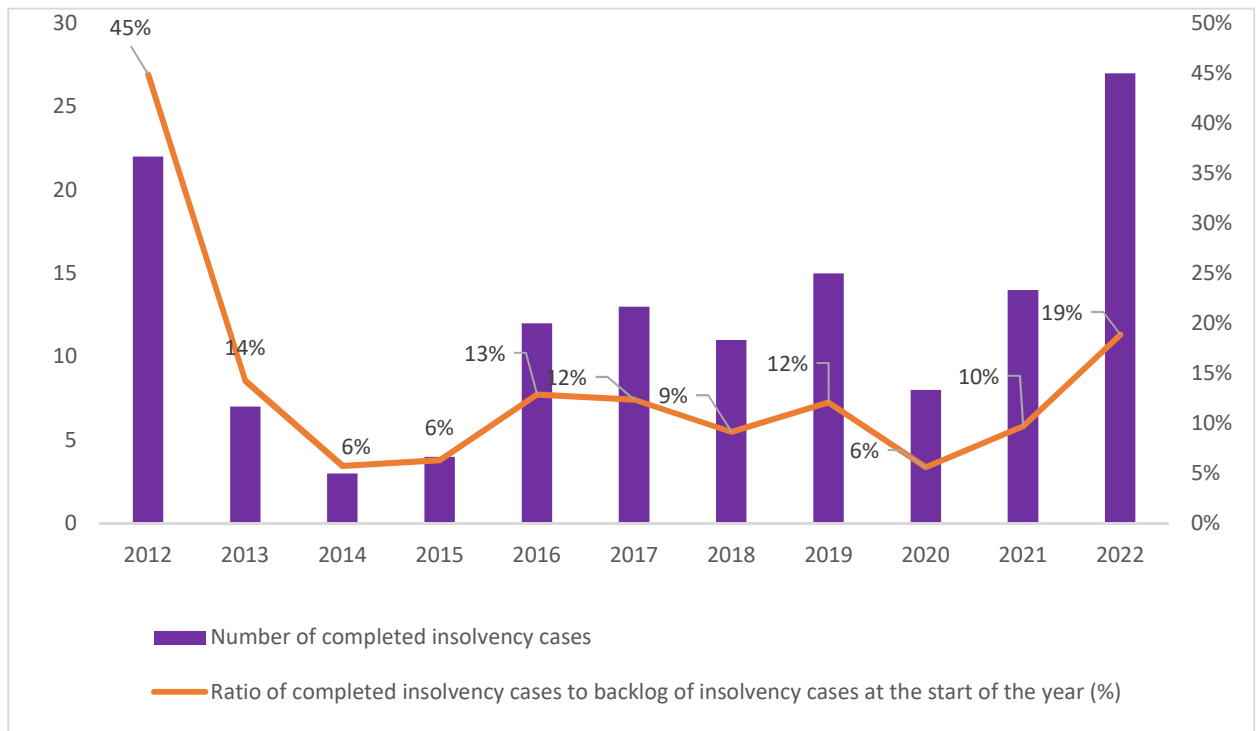
Source: Supreme Court

1.1.3. Completed Insolvency Cases

This indicator looks at the dynamics of completed insolvency cases⁶. We track both, the absolute number of such cases and their relative size compared to the backlog of insolvency cases at the start of the given year (Graph 3). According to Graph 3, both absolute and relative values of completed insolvency cases were characterized by changing dynamics during the reporting period. Significantly, the trend of improvement of the indicator is observed in 2020-2022, when both the number of completed cases and its corresponding share in the backlog at the start of the year show an increasing trend. This probably also shows the rise in the efficiency of the court system in handling insolvency cases.

⁶ Insolvency cases filed for trial, that were examined in the court through delivering a decision.

Graph 3. Completed Insolvency Cases

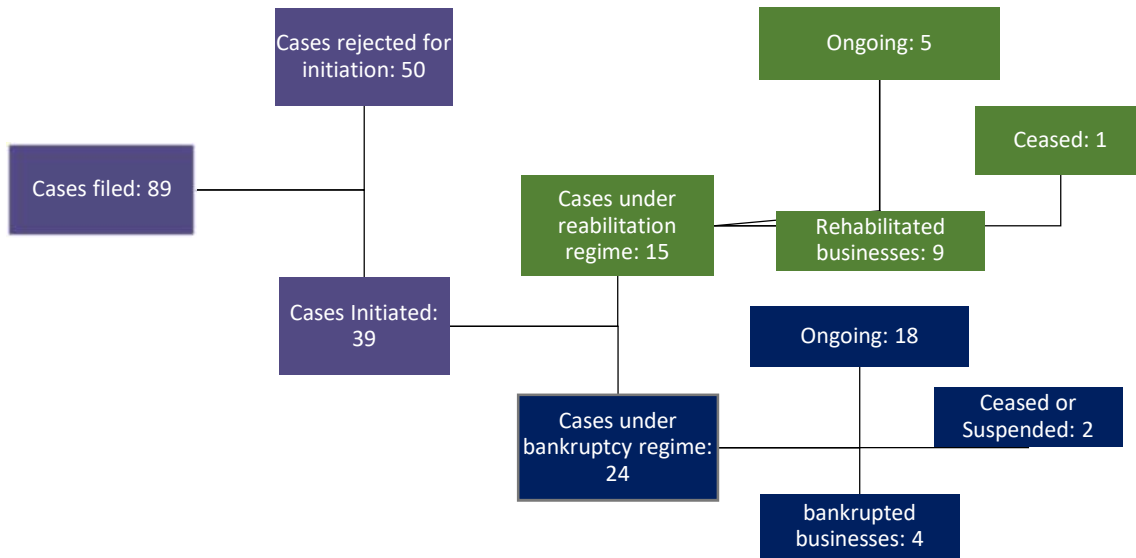


Source: Supreme Court

1.2. Number of Insolvency Cases (ecourt. ge)

Together with the Supreme Court data, we analyze data published on the electronic portal of court cases – ecourt. ge. The portal includes information on insolvency cases that have been updated or initiated after May 2019, including the cases regulated under the new legal framework. Figure 4 depicts the snapshot of insolvency cases filed for trial under the new law. As the figure shows, of the total 89 unique applications made for the initiation of insolvency proceedings within the framework of the new law, 39 requests were met and insolvency proceedings were initiated. Out of the initiated cases, 15 started with the rehabilitation regime. 5 of these cases, according to the latest updates, are still under the rehabilitation regime, 1 case was terminated, and in the case of 9 businesses, the rehabilitation plan was successfully approved. As for the cases initiated under the bankruptcy regime, 18 of the 24 cases are still ongoing, 2 bankruptcy cases were dismissed or suspended, and 4 cases ended in business bankruptcy.

Figure 4. Snapshot of Insolvency Cases

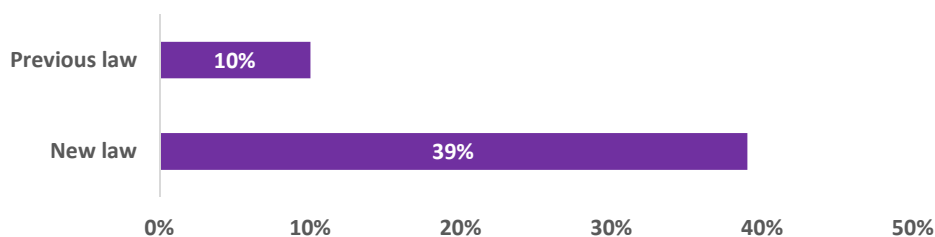


As we can see, many companies have not yet benefited from the new law and its tools. Additionally, it is vivid that the new law encourages companies' rehabilitation - the framework ensures that such cases are concluded quickly (within 9 months after initiation), contrary to bankruptcy cases, the majority of which are still ongoing.

2. Share of Cases under the Rehabilitation Regime

One of the key objectives of the Insolvency Reform is to assist the survival of viable businesses through rehabilitation. Therefore, it is of utmost importance that an increasing number of rehabilitation cases are initiated and successfully completed under the new insolvency framework. Some positive tendencies can be observed in this direction. As Graph 4 shows, under the current legal framework, the share of insolvency cases initiated under the rehabilitation regime stands at 39 percent. Meanwhile, the comparable figure for the cases under the previous law equals a mere 10 percent.

Figure 6. Share of Cases under Rehabilitation Regime



3. Duration of Insolvency Proceedings

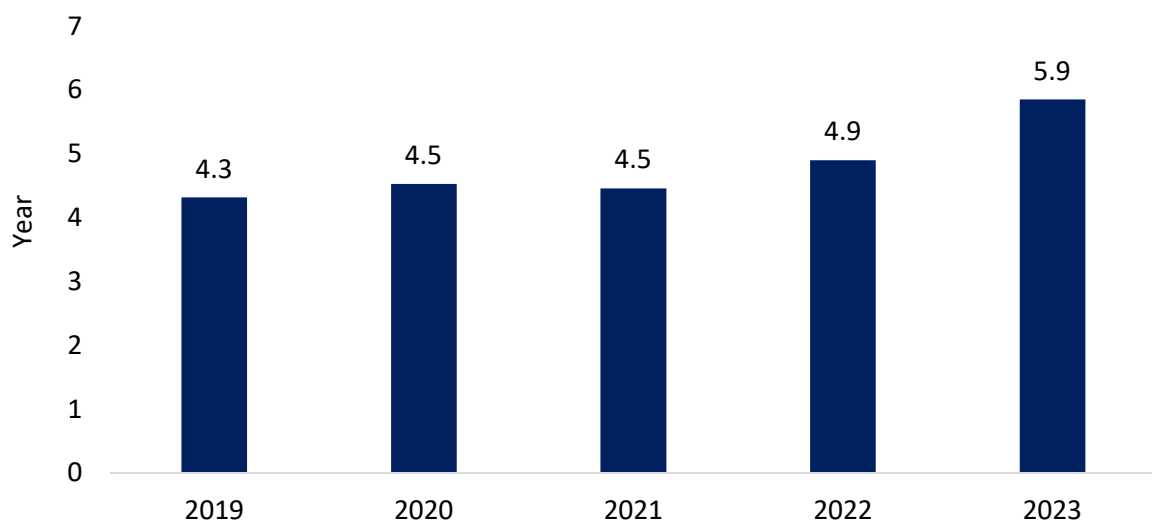
Prolonged and inefficient handling of insolvency proceedings was considered to be a major bottleneck of the previous legal framework. Therefore, one of the goals of the ongoing insolvency reform is to encourage swift resolution of initiated insolvency proceedings. With this objective, the new law introduced a cap of 9 months for rehabilitation regime completion.

The case duration dynamics can be observed through two indicators: a) duration of completed insolvency cases; and b) duration of ongoing insolvency cases.

3.1 Duration of Completed Insolvency Case Proceedings

As Graph 5 shows, the average duration of completed insolvency cases, measured as the number of years from the initiation until the completion of insolvency cases, has been increasing during the reporting period. In 2023, this figure increased significantly.

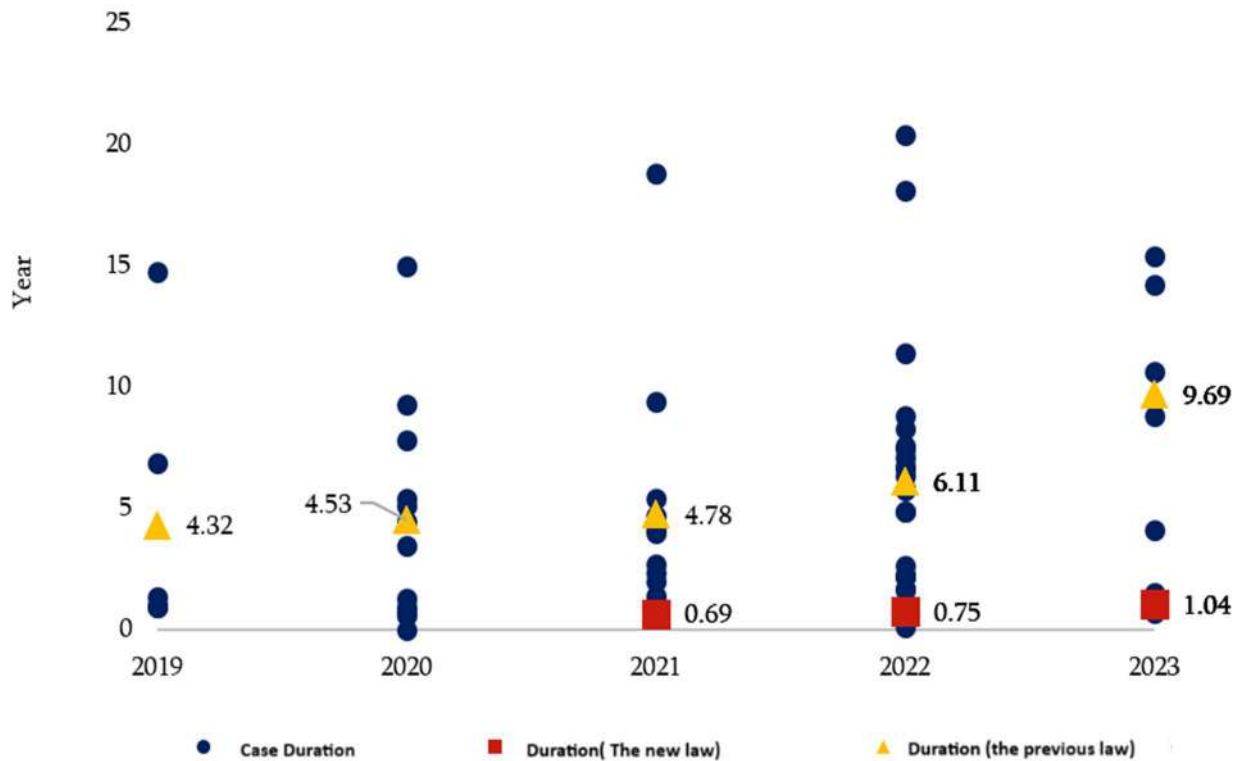
Graph 5. Average Duration of Completed Insolvency Case Proceedings (2019 – September 2023).



Source: *ecourt.ge*

If we take a closer look at the durations of proceedings case by case (Graph 6), however, we can observe some interesting tendencies. More specifically, the average duration of cases under the new law (as shown by the red quadrant) is significantly less compared to the average duration of cases under the previous legal framework (as indicated by the yellow triangle). This is the reason for the increasing tendency for this indicator in Graph 5 – excessively high duration of those completed insolvency cases in 2023, which were regulated by the previous law. For instance, one of the cases that ended in 2023 and was ruled under the previous law lasted for 15.4 years.

Graph 6. Duration Distribution of Completed Insolvency Case Proceedings (2019 – September 2023)



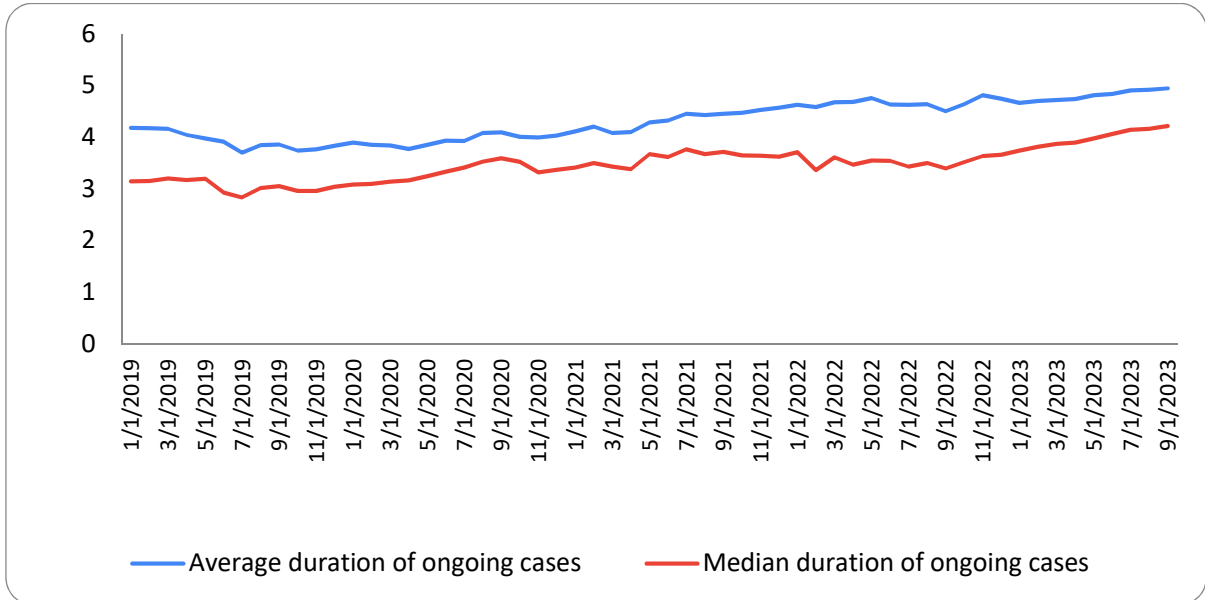
Source: *ecourt. ge*

It is vital to consider when interpreting the ongoing cases under the new law that most of the relevant completed cases were initiated under the rehabilitation regime, in which case the law assigns a cap time (9 months), while 75% of the initiated bankruptcy cases (18 out of 24 cases) are still ongoing. Thus, the real effects of the new law are important to assess in the future when we will see the dynamics of the completion of initiated bankruptcy cases and their respective duration.

3.2 Duration of Ongoing Insolvency Case Proceedings

Finally, yet another indicator for evaluating the dynamics of insolvency case proceedings is the duration of ongoing cases over the years. To evaluate this aspect, the median, as well as average durations of ongoing insolvency cases, are tracked over time to at least partially exclude the bias caused by the outliers. As Graph 7 shows, both median and average durations of ongoing insolvency proceedings have been consistently increasing over the years (although a small drop in median duration can be observed in mid-2021). This tendency again highlights how the backlog of prolonged insolvency cases that started under the previous law inflates the average.

Graph 7. Average and Median durations of Ongoing Insolvency Case Proceedings (2019 – September 2023)



Source: *ecourt.ge*

Annex 1. Stakeholder Survey Questionnaire

Please assess reform for each dimension listed below on a scale from 1 (poor performance) to 10 (strong performance):

Content and Adequacy

1. Are the reform-related policy objectives set by the Georgian Government adequate to Georgian reality?

1	2	3	4	5	6	7	8	9	10
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2. Is the policy-making and legal drafting process conducted in an inclusive manner that enables the active participation of stakeholders?

1	2	3	4	5	6	7	8	9	10
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Progress

1. Is the economic reform agenda currently implemented by the Government in this area progressing as planned?

1	2	3	4	5	6	7	8	9	10
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2. Do the reform measures address binding constraints to growth?

1	2	3	4	5	6	7	8	9	10
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Current Performance

1. What is your assessment of the performance of the Georgian economy in the reform area

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

Expected Outcomes

1. Will the reform reach its targets?

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

2. Does the reform propose efficient measures to reach its targets?

1	2	3	4	5	6	7	8	9	10
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Annex 2. Insolvency Reform III PPD Event Presentation - ReforMeter



USAID Economic Governance Program



რეფორმები

შენი გზამკვლევი რეფორმებში

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Agenda



- Opening remarks
- Overview of the Insolvency Reform Progress
- Presentation of the Insolvency reform assessment indicators
 - Reviewing the progress of the reform implementing agencies
- Insolvency Reform in practice
- Public-private dialogue and stakeholder assessment of the reform

About ReforMeter



- ReforMeter tracks progress of the selected economic reforms, facilitates dialogue among reform stakeholders, and supports the implementing agencies in increasing awareness and efficiency of the reforms.
- The first phase of the project: 2015-2019.
- The new phase of the project: 2021-2024.
- Selected reforms:
 - **Insolvency reform**
 - Capital market development reform
 - Water resources management reform
 - E-commerce reform
 - Tourism reform
 - Regulatory Impact Assessment (RIA) institutionalization reform
 - Small and Medium-sized Enterprises(SME) reform

ReforMeter Methodology



1. **Government survey:** The responsible government institutions evaluate the reform implementation progress against core activities of the reform.
2. **Stakeholder survey:** Reform stakeholders assess the progress of the reform.
3. **Economic indicators:** The ReforMeter project team identifies economic indicators to track the progress and results of the reform.

Intermediate Outcomes and Goals of the Insolvency Reform



Legal framework

Infrastructure and budget

Institutional setup

Capacity development

Efficiency of insolvency proceedings is enhanced

Efficiency in insolvency cases distribution and technical management is increased

IP institute is strengthened

Qualification of IPs is enhanced

Awareness regarding the novel insolvency framework is increased

Assets value of the insolvent enterprise and recovery rate of creditors is increased

Average duration of insolvency proceedings is decreased

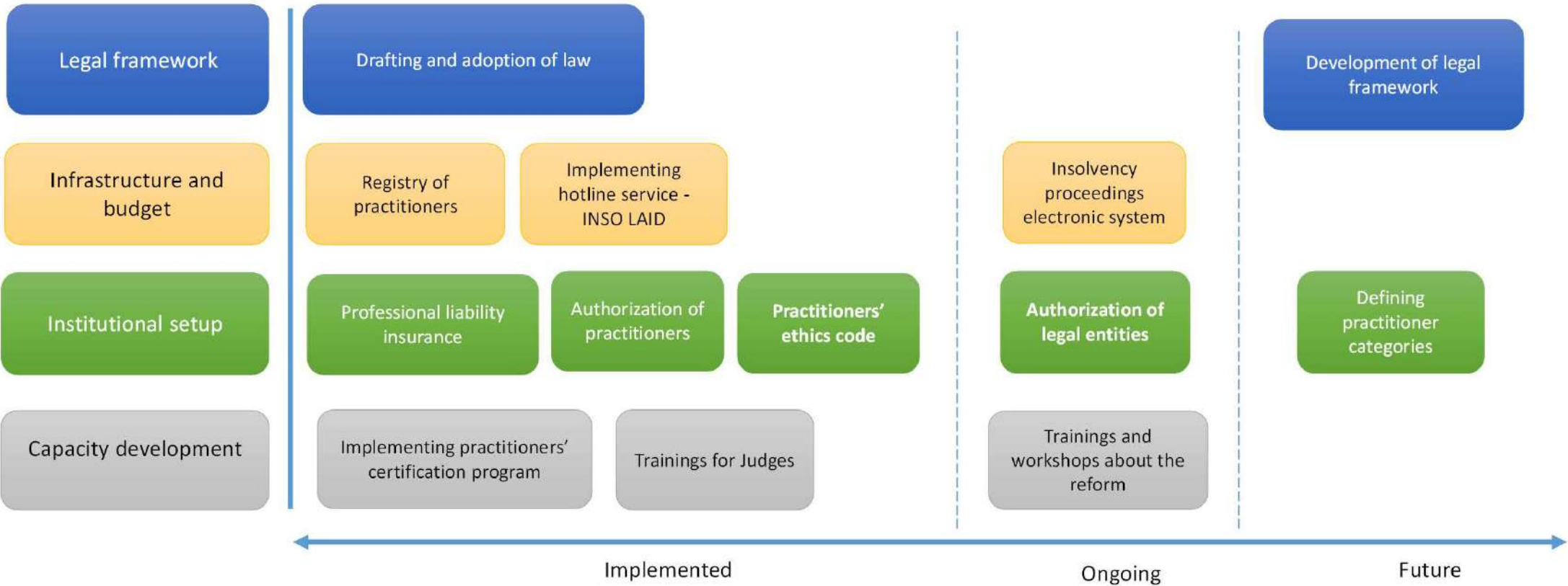
Number of rehabilitated businesses is increased

Business environment is improved

Governance quality is improved



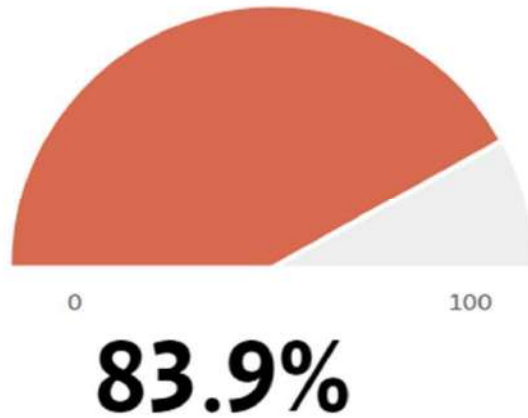
Current Status of the Insolvency Reform Activities



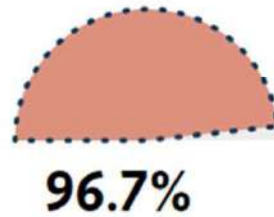
Survey of the Reform Implementing Agencies



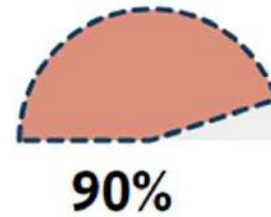
Overall



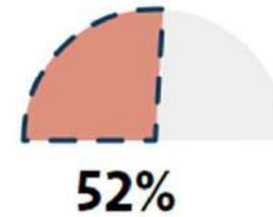
Institutional Setup



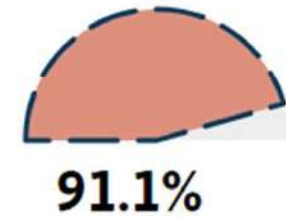
Capacity Building



Infrastructure & Budgeting



Legislation & Regulations

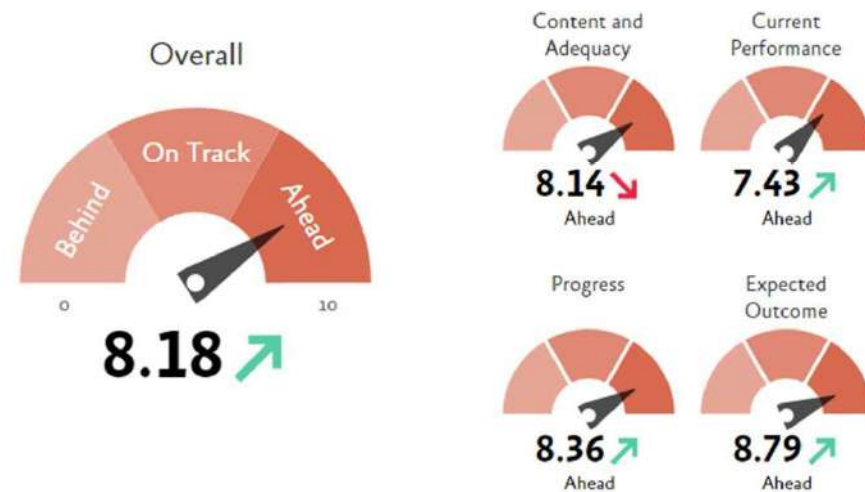
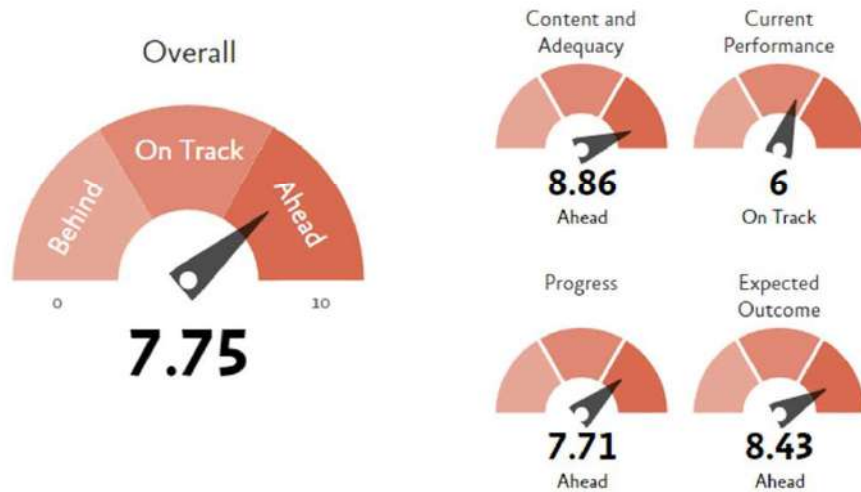


Reform's Assessment According to Stakeholders



Reform's primary assessment (12.2021)

Reform's second assessment(12.2022)





Insolvency Reform Tracking Indicators



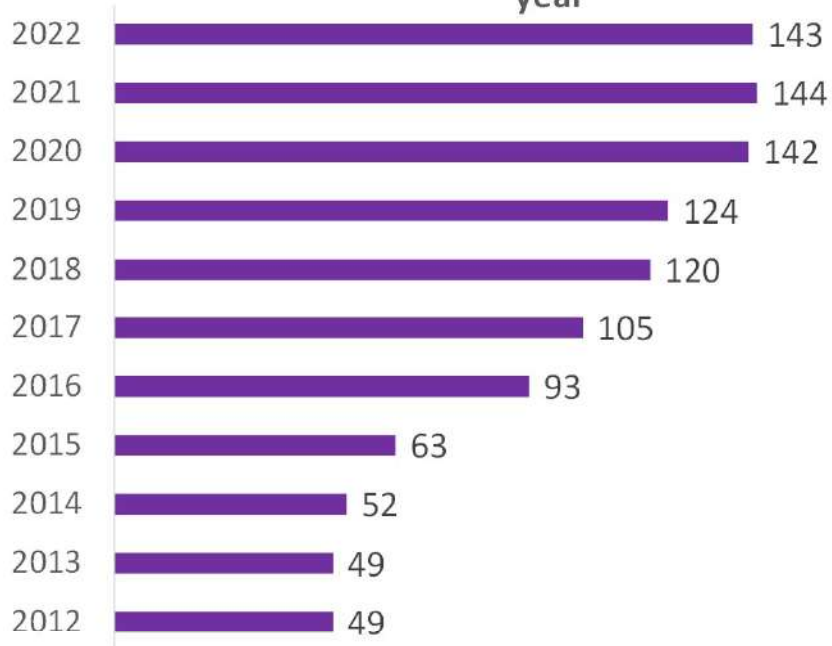
USAID
ამერიკელი ხელხმობა

ISET POLICY
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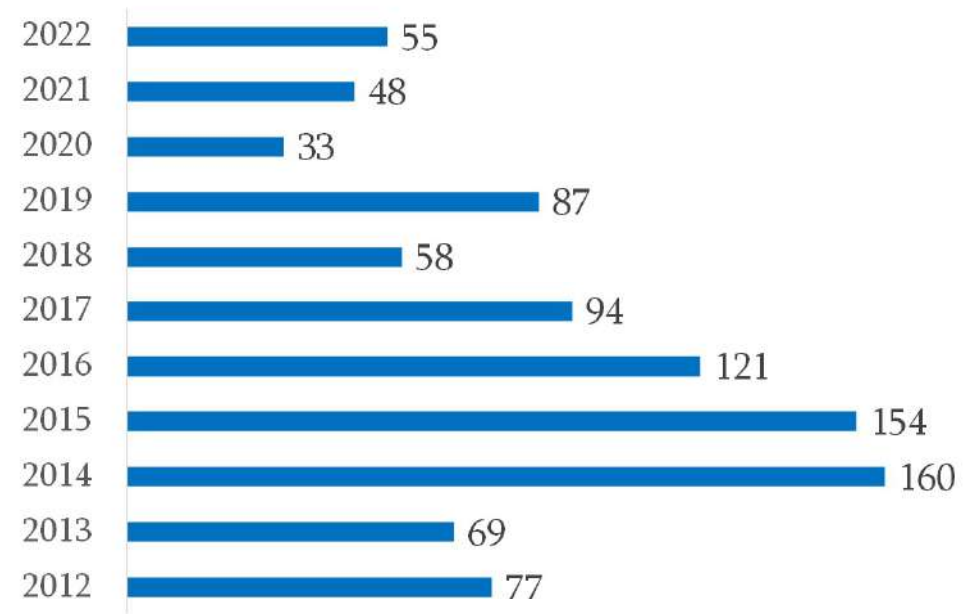
Number of Insolvency Cases



Backlog of insolvency cases at the start of the year



Number of insolvency cases that were filed for trial



Source: Supreme Court

Completed Insolvency Cases



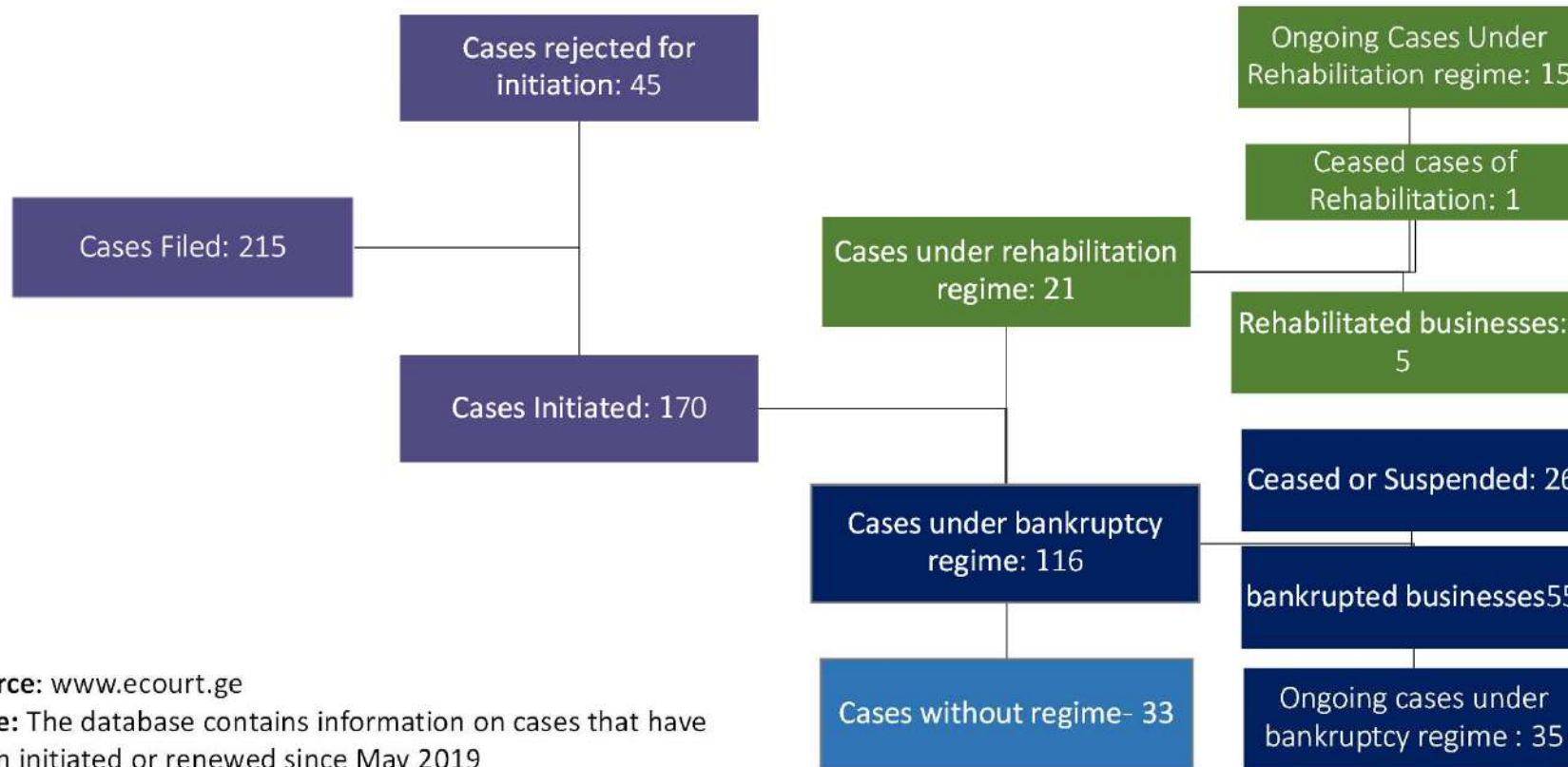
■ Number of completed insolvency cases

— Ratio of completed insolvency cases to backlog of insolvency cases at the start of the year (%)

Source: Supreme Court



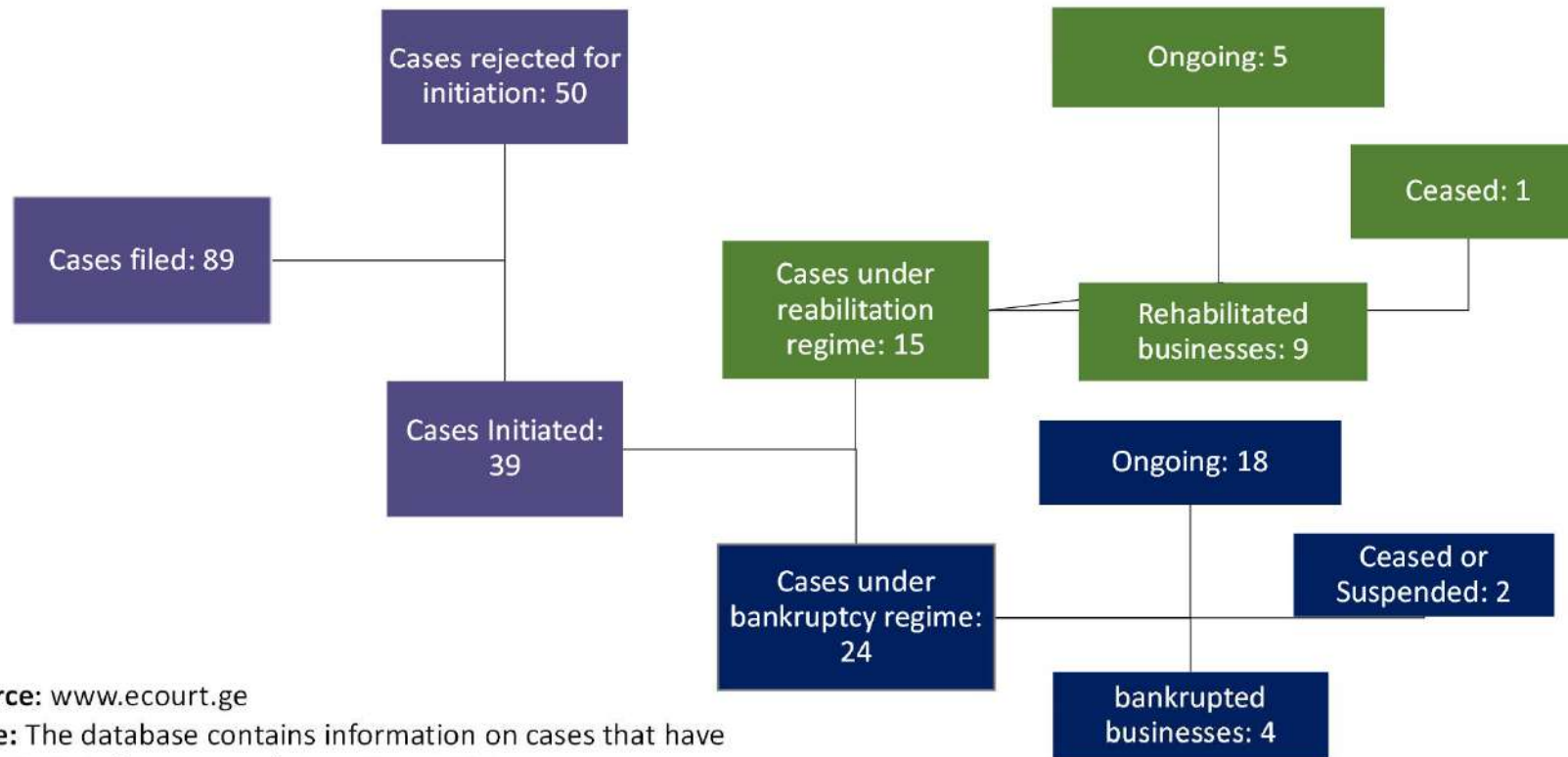
Number of Insolvency Cases under the Previous Law (ecourt.ge)



Source: www.ecourt.ge

Note: The database contains information on cases that have been initiated or renewed since May 2019

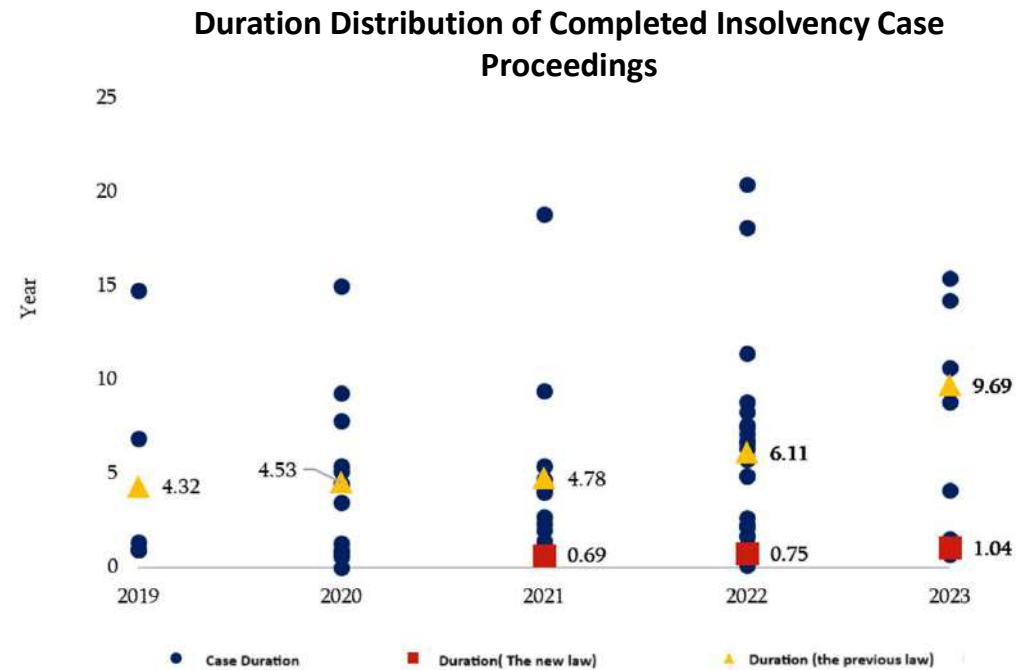
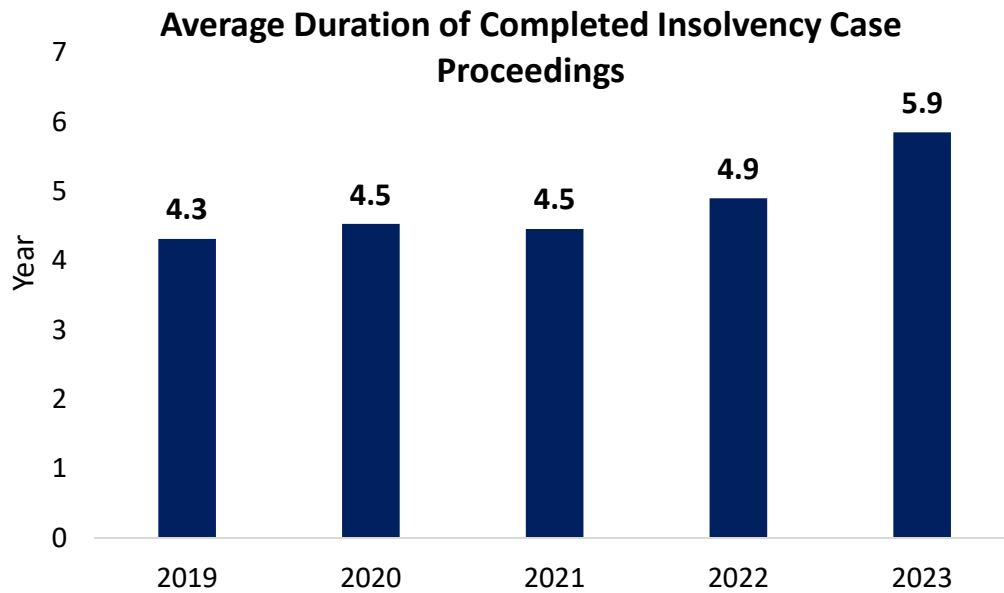
Number of Insolvency Cases under the New Law (ecourt.ge)



Source: www.ecourt.ge

Note: The database contains information on cases that have been initiated or renewed since May 2019

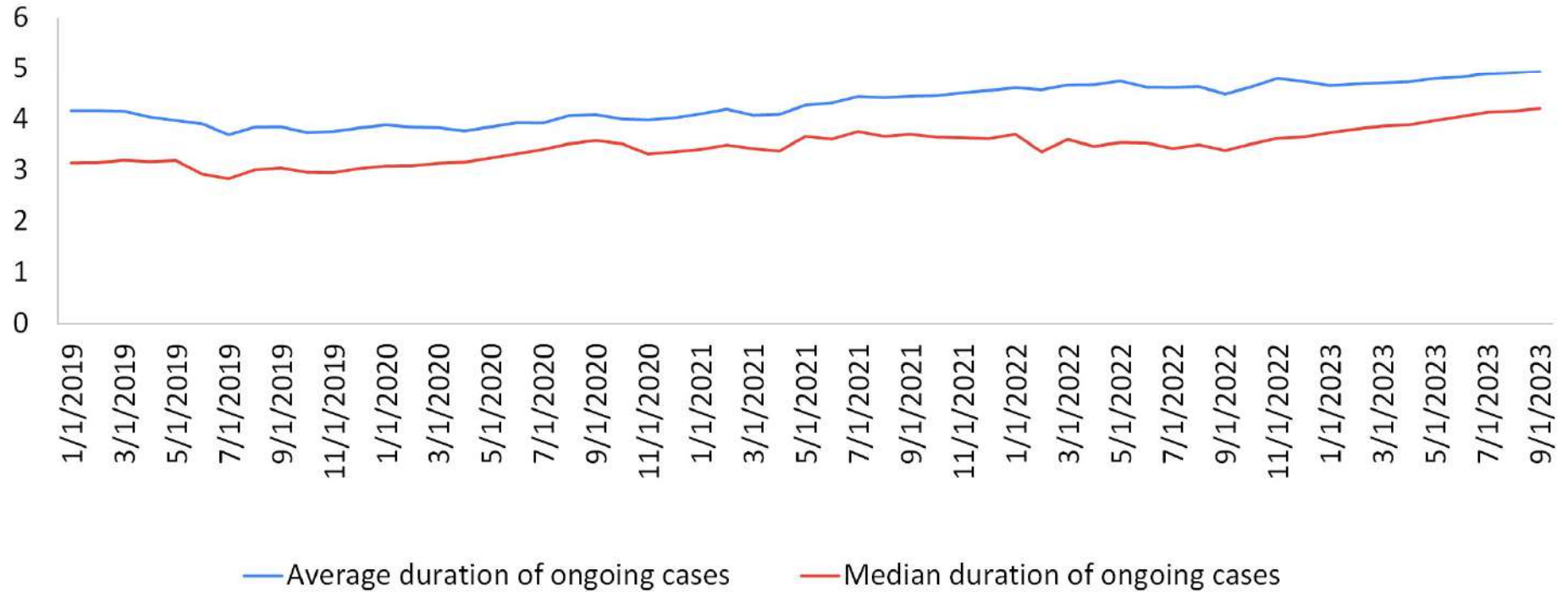
Average Duration of Completed Insolvency Case Proceedings



Source: www.ecourt.ge

Note: The indicators are calculated as of September 1, 2023

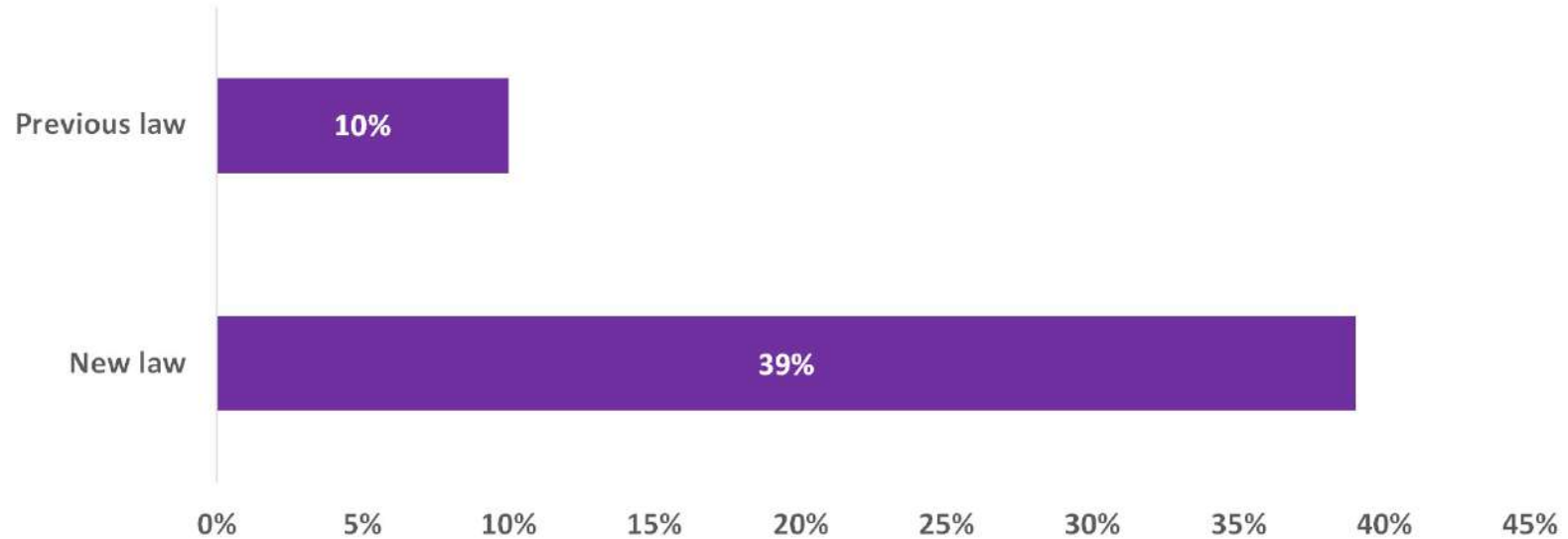
Average and Median Duration of Ongoing Insolvency Case Proceedings



Source: www.ecourt.ge

Note: The indicators are calculated as of September 1, 2023

Share of Cases under Rehabilitation Regime



Source: www.ecourt.ge

Note: In the case of the new law, the cases that initiated between 4/1/2021 and 9/1/2023 are considered
In the case of the previous law, the cases that initiated between 10/30/2018 and 3/31/2021 are considered

Core Challenges According to Stakeholders as of Past PPD Event



-Low level of awareness about the benefits of the law in the private sector

-Low awareness of the insolvency process as a rehabilitation service

-Requirement for additional development of the legal framework

-Importance of initiating changes to existing legislation and ensuring compliance of insolvency law with the tax code

-Challenges in relation to the infrastructure supporting the reform

-The importance of implementing the electronic system of proceedings

- Necessity to improve the functionality of the Insolvency Practitioner Registry algorithm



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რეფორმები

შენი გზამკვლევი რეფორმებში