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Georgia: Corruption Developments and Anti-Corruption Activities since 1990s

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Background – Historical developments since 90s

In the most post-soviet states, in the late 1980s and early 1990s, new forces came to power and their 'new order' moved in different directions. Due to different conditions in these states, different social structures and state-society relations evolved. In Georgia, after national protests against the Soviet regime in 1989, and breakup of the USSR in 1991 – the first national elections were held, in which the "Round table, free Georgia" party won and Zviad Gamsakhurdia became president. This was followed by two ethnic wars in Osetia and Abkhazia, and a civil war during 1991-95. In 1992 Eduard Shevardnadze became leader of "Citizen's union of Georgia" party and was president from 1995 until the Rose Revolution. In November 2003 on the wings of this revolution, the "Nationalists" party came to power, and young Mikheil Saakashvili, leader of the party, won the presidential elections in February of 2004 with great support from the population (almost 90%). Afterwards, following political tensions of late 2007, the country has faced out of turn Presidential elections in January and parliamentary elections in spring 2008, where Saakashvili and 'his party' won again. Later on, state development was deranged with Russian-Georgian war in August 2008 for Georgia's break-away region of South Ossetia. Currently, while country is on positive development way, more competitive and strong political tensions are expected in the near future. The next parliamentary and presidential elections are to be held in 2012 and 2013 respectively; some detailed information/facts on country development and brief 'corruption timeline' are given below, taken from *Global Integrity country report 2009*.

Corruption timeline

1991 April — Georgia declares its independence from the Soviet Union. May, — Former dissident Zviad Gamsakhurdia is elected president.

1992 January — Gamsakhurdia is deposed after government troops and opposition militias clash in the capital of Tbilisi. Former Soviet Foreign Minister Eduard Shevardnadze is appointed to lead the newly-formed State Council in March. July 1, — Georgia is admitted to the United Nations.

1993 — Conflicts between Georgia and two separatist regions South Ossetia and Abkhazia finally die down after two years of bitter fighting. Residents of the pro-Russia regions are still pushing for secession, and tensions remain between the regional governments and the Georgian national government.

1995 August — A new constitution, which establishes a strong executive presidency and a unicameral parliament, is adopted. November — Shevardnadze is elected president.

1997 November — Georgia abolishes the death penalty.

1999 January — Georgia signs the Criminal Law Convention on Corruption. April — Georgia becomes a member of the Council of Europe, an intergovernmental organization dedicated to the protection of human rights, democracy and the rule of law. Ratification of the European Convention for the Protection of Human Rights and Fundamental Freedoms follows in May. October — The Organization for Security and Cooperation in Europe (OSCE) condemns the presidential elections and national referendum on the constitution in the separatist Abkhazia province as illegitimate. The following March, the OSCE criticizes local elections in Abkhazia for violating international standards of democratic voting due to the lack of participation of those who had been forcibly expelled from the region during the previous seven years.

2000 April — Shevardnadze is re-elected president. May 2000 — Prominent broadcast journalist Akaki Gogichaishvili, who often reports on government corruption, accuses various officials and businessmen, including members of President Shevardnadze's family, of threatening to kill him.

2001 November — A government raid on the privately-owned Rustavi-2 TV station, a frequent critic of President Shevardnadze, sparks demonstrations in Tbilisi. Shevardnadze responds by sacking his entire cabinet. The previous July, popular Rustavi-2 presenter Georgiy Sanaya was found murdered at his home.

2002 October — Police in the west Georgian town of Zugdidi attack a television station, beating the employees and destroying equipment. They later physically attack and threaten the family members of journalists in retaliation for the station's broadcasting criticism of the local police.

2003 July — Georgian Railway head, Akaki Chkhaidze, wins a libel suit against Rustavi-2 for broadcasting a program falsely linking him to bribery scandals. The station is ordered to pay a fine that is later reduced on appeal. November 2003 — Official results of parliamentary elections confirm President Shevardnadze's party as the winner, but international observers allege numerous irregularities. Thousands take to the streets to support the opposition in what is called the "Rose Revolution." Shevardnadze resigns, and the Supreme Court annuls the election results. In exchange for his resignation, the new government grants Shevardnadze immunity and promises to pay for his housing and other living expenses.

2004 January — Mikhail Saakashvili is elected president. At the World Economic Forum held that month in Davos, Switzerland, Saakashvili asks for help in establishing a 14 million lari (US\$8 million) fund to curb corruption in the civil service. He also asks Switzerland to freeze the bank accounts of several officials close to former President Shevardnadze, who are suspected of fraud and abuse of office. February 2004 — Gia Dzhokhtaberidze, former President Shevardnadze's son-in-law and head of Georgia's biggest mobile phone company, is arrested on tax evasion charges. The charges are dropped and he is released in April, after his wife pays the state a reported 27

million lari (US\$15.5 million). February 2004 — Constitutional amendments re-establish the post of prime minister and increase the power of the president to dismiss parliament. March 2004 — In new parliamentary elections, President Saakashvili's National Movement party wins the majority of seats. May 2004 — Georgia ratifies the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, an extension of international cooperation against international organized crime in such areas as drug and arms trafficking and terrorism. June 2004 — The Council for the European Union announces the launching of the EU Rule of Law Mission to support the reform of Georgia's criminal justice system. As part of the program, the European Commission in July approves 5 million euros (US\$6 million) to strengthen the prison and probation system. July 2004 — A new law on defamation is passed. The law protects from charges of libel comments made in Parliament, the courts and during political debates, shifts the burden of proof to the accuser and makes entire companies, as opposed to individual journalists, subject to be named as defendants in a libel case. October 2004 — As a leniency gesture to those who hid their earnings during the Shevardnadze administration, President Saakashvili announces that those who disclose that income will only have to pay 1 percent tax on it. The government also scraps existing tax corruption investigations and destroys all tax records from before the new administration. October 2004 — Parliament adopts a new Code of Conduct that establishes ethical norms and aims to strengthen public accountability.

2005 February — Prime Minister Zurab Zhvania is found dead at a friend's home, apparently from gas poisoning due to a faulty heater. Finance Minister Zurab Noghaideli is chosen to succeed him. June 2005 — Finance Minister Valery Chechelashvili is sacked after several senior tax officials are arrested for taking bribes. July 2005 — The Ministry of Education and Science introduces a new university entrance examination system aimed at curbing corruption in the academic admissions process. September 2005 — Investigative journalist Saba Tsitsikashvili is assaulted by five people after publishing a story about abuse of power and corruption in the regional government.

2006 February — The World Bank launches the Public Sector Financial Management Reform Support Project, a 26 million lari (US\$15 million) initiative to better track public expenditures and improve the civil service sector. July 2006 — The World Bank reports that Georgia underwent the largest reduction in corruption among all countries in Eastern Europe and the former Soviet Union from 2002 to 2005, with the most recognizable progress occurring in the tax and customs sectors. July 2006 — Baku-Tbilisi-Ceyhan pipeline opens and Caspian oil starts flowing along it. September 2006 — Military helicopter carrying Defense Minister Okruashvili is fired on over South Ossetia by Russia, a situation which deteriorates the mutual relations. Georgia detains four Russian army officers on spying charges. Russia imposes sanctions and expels hundreds of Georgians whom it accuses of being illegal immigrants.

2007 January — Russian President Vladimir Putin orders Russia's ambassador to Georgia to return to the Georgian capital after recalling him four months ago. February 2007 — Georgia signs a regional cooperation agreement with Azerbaijan and Turkey, which includes plans for constructing a railway connecting the three countries. August 2007 — Georgia claims that Russia has violated its airspace twice in August, a claim which Russia denies. September 2007 — Irakli Okruashvili, former Georgian Defense minister, accuses President Saakashvili of corruption, including planning a murder. The news is met with public protest, with the president losing much of his public support. November 2007 — A state of emergency is declared as riots break out, the crowds demanding Saakashvili's resignation. Riot police use violent measures to calm the masses. Saakashvili resigns, only in order to run again in January. December 2007 — International watch groups, including Human Rights Watch, criticize the Georgian government for its violence against civilians in the November riots, calling global attention to the increasing repression in the nation.

2008 January — A snap election is called, and Saakashvili is reelected as president, despite protests against him the previous fall. March 2008 — The Georgian separatist region of Abkhazia petitions the United Nations to recognize it as an independent state. April 2008 — Russia promises to increase its presence in the pro-Russian separatist regions of Abkhazia and South Ossetia, raising tensions between the two nations. May 2008 — Parliamentary elections result in the overwhelming victory of the ruling party, leading to accusations of rigged elections from opposition parties. The BBC reports, "Russia sends 300 unarmed troops to Abkhazia, saying they are needed for railway repairs. Georgia accuses Russia of planning military intervention." June 2008 — A series of explosions take place in Abkhazia, provoking the region to cut all ties with Georgia. Georgia does not take responsibility for the attacks and denies involvement. July 2008 — Ruling on a parliamentary election dispute from 2004, the European Convention on Human Rights decides that the Labor Party was put at an unfair disadvantage when the votes from two districts were excluded from the count. This discounted approximately 60,000 voters. Two government officials and one construction engineer are arrested in a bribery case. Deputy Economic Development Minister Beka Okrostsvardize, and Deputy Head of the Ministry of Economic Development's Privatization Department, Lasha Moistsrapishvili, allegedly accept bribes from Tamaz Machaladze, who wants to buy state-owned property along the Rustavi-Tbilisi highway. August 2008 — Violence peaks in the South Ossetia region as Georgia enters the region by air and land, resulting in numerous casualties, including several international journalists. Russia defends the separatists by invading as well, violating Georgian sovereignty and garnering international criticism for the intervention. September 2008 — The head of Georgian TV station Kavkasia TV reports two broadcast interruptions during the month. He suspects that these are politically driven as a punishment for the critical stance the station had taken on government actions during the August conflict. October 2008 — A new opposition party, Democratic Movement-United Georgia, is formed as a reaction to the

perceived mishandling of the Georgia-Russian border conflict by President Saakashvili. The president responds to this by dismissing the prime minister. On October 21, the government reinstates access to Russian Internet news sites after tensions had calmed from the August conflict. Restricted access to Russian broadcast television continues. December 30, 2008 — Public Defender Sozar Subari calls for the formation of an investigative committee to look into the violent breakup of a November 2007 protest. Subari claims to have proof that the government's violent response was premeditated.

2009 March — Nine members of the anti-government Democratic Movement-United Georgia are arrested after buying arms. The government defends the arrests based on video surveillance that records the opposition party members hinting at the potential use of arms in the anti-government demonstrations to be held in April. Nino Burdzhaneladze, founder of the new Democratic Party, says the video evidence is inconclusive. April 2009 — A tense public rally takes place in the capital where opposition leaders call for President Saakashvili to step down from his position. The protest marks the 20th anniversary of violent clashes with Soviet powers that resulted in twenty deaths. May 2009 — President Saakashvili agrees to meet with opposition leaders in response to the massive April anti-government protest and continuing demonstrations. A mutiny occurs on a Georgian army base. The government quickly puts down the disruption and voices its concern that the small uprising was encouraged by the Russian government in the hopes of removing Saakashvili from power. June 2009 — Parliamentary elections take place in South Ossetia with Russia-loyal leadership winning the majority of votes. July 2009 — In response to growing public discontent with his leadership and a forthcoming visit by US Vice-President Biden, President Saakashvili announced new reforms, including increased public access to broadcast TV stations and restoring direct-elections for mayors. Implementation of these reforms is yet to be seen.

‘Corruption story’

While this report concentrates on the period of late 90s, for discussing corruption type and origins it is useful to mention that while Georgian statehood is believed to be more than 3000 years old; corruption that was prevalent in Georgia from independence after soviet regime, as most experts argue, is rooted in pre-soviet period and mostly influenced with soviet regime¹. Despite dramatic improvements since 2003 and drastic and reduction in its scale and changes in type, corruption is a serious problem in the country. According to Transparency International, before the Rose Revolution – or Anti-Corruption revolution as might be reasonably called, out of 133 countries

¹ The country has been invaded twice by the Russian Empire: at the end of the 18th century and by the Soviet Red Army in 1921.

surveyed, only six had a worse Corruption Perception Index than Georgia in 2003. Corruption hampered the country's political and economic development. And the key reasons for widespread corruption in Georgia can be found in its past, as well as in the political and economic developments of its transitional period. As well described in Jandieri's case study (TI)², the communist regime created a huge state apparatus in the country, with declining effectiveness. The Soviet economic and political systems were based completely on corruption. "Significant decisions were made through bargaining at the level of central government. This was reflected across business, organizations and the ordinary population through the rule of "investing" through bribes. In Soviet Georgia there was no distribution of financial and material resources without bribery and nepotism. According to non-market rules of life and business persona and intellectual qualities and hard work did not guarantee material well-being. Rather, one needed a special ability (the so called "mariphathy") to find a corrupt bureaucrat and/or to offer bribes. This rule of both life and business was effective for finding a profitable job, for purchasing scarce goods, for selling the low-quality goods of a business etc."(Jandieri et al)

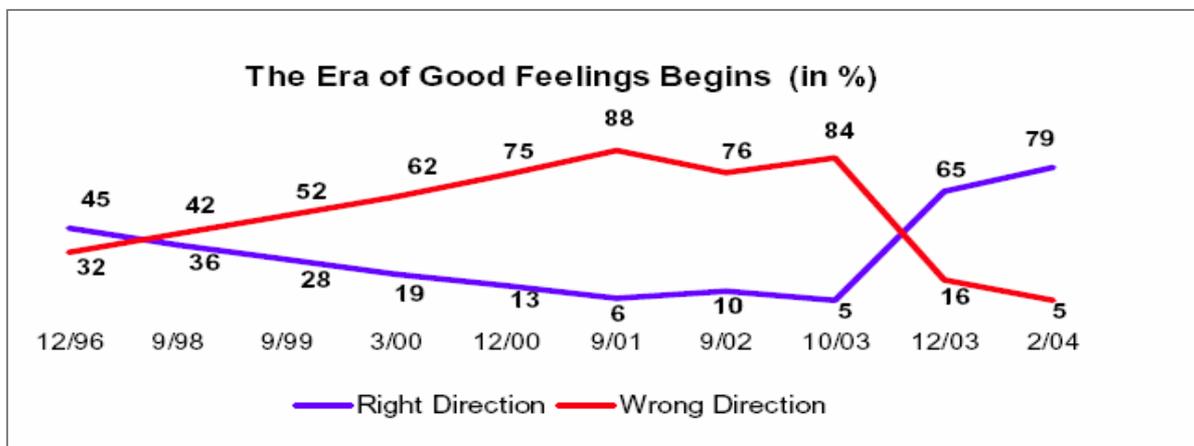
It was a similar story for institutions, factories, film studios and theatres, sport clubs and federations. Investment and trade in goods were carried out under the so-called "20% rule", which implied recovery of 20% of the allocated resources in cash to the bureaucrat who had allocated them. After the collapse of the communist regime, old stereotypes of thought and action, as well as the corrupt state machinery, remained. Society needed time to study and implement mechanisms of civil control over government offices and their activities. The afore-mentioned way of Soviet life was the only one known to the majority of the population, and carrying out activity within civilized market structures and open and transparent institutions was difficult and sometimes even unacceptable to them.

The ineffectiveness of the reforms of the 1990's had brought the country to deadlock: permanent economic backwardness, inflation and devaluation, permanent changes in the government leading to instability, the impoverishment of the population, a strong immigration stream (according to 2001 data, there were 4.4 million people in Georgia, while in 1989 there were 5.4 million people), and a black market economy (according to the official data of the Department of Statistics, in 2001 the black market made up 57% of the whole economy). The existing level of corruption in Georgia had cast doubt on the effective functioning of state institutions hindered the country's economic development and reduced its attraction for foreign investment. Also, according to Transparency International's 2002 Corruption Perceptions Index, out of 102 countries surveyed, Georgia was in 85th place. Similar indices were published by other international organizations (e.g. The World

² Gia Jandieri - NEW ANTI-CORRUPTION GOVERNMENTS: THE CHALLENGE OF DELIVERY GEORGIA case study, Transparency International 2004.

Bank, Quality of Growth, 2000). Georgian Opinion Research Business International's survey results in 2002

After coming to power in 2003, Saakashvili pledged to make the fight against corruption a centerpiece of his administration. While government was given full card-blanch and understanding/support of any reforms, without requesting any transparency and accountability from society, what resulted in largest problems afterwards; as Freedom House 2006 reports: For the first years, on effects of his policies, citizens of Georgia exuded optimism: According to a survey measuring public attitudes within the country, three-fifths of Georgians were predicting that corruption will decrease a little or a lot in the next three years. The progress was also recorded in Transparency International's 2005 Corruption Perceptions Index, in which Georgia scored 2.3 out of 10 points, a 0.3 point upgrade from the previous year. Below is the graph showing change of attitudes of population toward corruption perception:



Source: Transparency International Georgia, Georgia case study 2004.

Within the first two years, the government has undertaken a substantial number of anticorruption measures. It has created specialized anticorruption bodies and passed legislation in line with international standards. A new department was established within the National Security Council to take charge of anticorruption policy. In February 2004, the parliament passed a law for the creation of financial police, designated to fight economic crime; this agency is also in charge of uncovering corruption and has the full authority to carry out audits. In addition, the government established a specialized auditing body responsible for overseeing the use of public funds and started a hotline through which citizens can report wrongdoings in various agencies. In October 2005, legislation calling for the creation of a new special anticorruption division within the prosecutor-general's office and for bolstering the independence and power of this body was introduced in the parliament.

In a far-reaching attempt to institute systematic changes, the Ministry of Internal Affairs completely dismantled the old police force, notorious for its extortion practices, and created a new, much smaller, Western-style force in June 2004. The police restructuring remains one of the most successful reforms undertaken by the new government. The new force is well trained and has received substantial pay raises, making it less disposed to corruption.

As a result of the anticorruption efforts, a number of high-ranking officials who served in the current and previous administrations, among them former ministers and deputies, department heads, and even Shevardnadze's son-in-law, were arrested on charges of corruption and embezzlement. These investigations and arrests have received significant attention from the media, although some experts charge that journalists have become less investigative and analytic in their reporting since the revolution.

However, in spite of mentioned progress and other drastic success in fighting corruption, today it is clear that type of corruption was changed to *Elite Corruption* and many problems country has to overcome in this direction, while government remains in best case inactive for further changes and often hindering the process, In support of this statement and to summarize(development, type, changes and level) for overall consideration of corruption in country, below is given comments and analysis of leading civil society experts involved in fighting corruption in Georgia³:

As a result of discussions and analysis of experts' interviews the following main trends can be assumed, that corruption phenomenon and bribery as one of its major characteristics was spread in Georgia following the Russian invasion in the 19th century. Corruption was broadly experienced among Russian bureaucrats and bribe-taking was deeply embedded in Georgia suffering under the of Russian empire constraints. Lately, during the Soviet Era patronage system has also become a wide-spread phenomenon. Government authorities attempted to advocate their relatives and friends and facilitate their career development, regardless of latter merit and skills. Soviet economic system based on the shortfall principle also shaped favorable grounds for development of corruption models. Goods were produced in very little quantities, sold at very low prices and were available only to "privileged persons". Following the collapse of Soviet Union, Georgia made a choice in favor of market economy and any product has become available to all of its citizens at prices established and regulated by the free market. Despite current economic developments the patronage traditions dated decades ago still survived. After the Rose Revolution the newly elected government officially declared recruitment procedures transparent, unbiased and safe from any patronage. Nevertheless, middle and high level staff is still recruited according to patronage schemes.

³ Experts include: leading representatives of GYLA, GFSIS, OSGF, TIG, and others, directly involved in anticorruption projects in Georgia (for details and contacts please, refer to 'Country anti-corruption projects database' for Georgia provided within project frames, and/or author of the report).

Obviously education and fortune plays certain role in career development but these success stories are very rare and occurred even during the soviet times.

Society's attitudes towards the corruption has been always different, though the majority of citizens were much concerned and annoyed with the bribe-taking exercised by the low-ranked bureaucrats for obtaining documents and so called "Militsia" servants awaiting at the roads for another victims to squeeze small but illegal amounts. Yet the most irritating was the corruption at the universities, when applicants were deprived the opportunity to be enrolled at the prestigious faculties only for their knowledge and performance at the exams without paying a considerable amount. Some of private tutors were actively involved in enrollment related corrupted processes, though private tuition itself cannot be regarded as a corruption. Despite the recent reforms corruption practice is still observed at schools and parents are ready to pay some 5 or 10 Lari and save their children from undesired trouble.

As it becomes obvious from these examples, in certain cases society members are accustomed to some corruption actions, though annoyance continues living. Corruption phenomenon can't be regarded as a pure Georgian national feature as many Georgians after they leave their country start living a comfortable life without bribery and patronage as soon as they realize those are not necessary to achieve their goals. On the other hand, we must admit that corruption is the problem embedded in the minds of our society. Statements of political leaders, modifying legislation or adopting new laws will never have enough impact unless attitudes and values of society transform to a considerable extent. Some time period is required for these changes especially for transformation of young generation's perception. In this regard a little but significant breakthrough was the entrance examinations reform which gave an opportunity and a belief to every student that he or she will succeed equipped with their knowledge only. No one can argue that bribe-taking and patronage are just bad memories from the past but it is found rather rarely compared with the pre-reform period. Since people no longer come across mass corruption practice they believe that it is almost uprooted and this is an important progress so far. Current system is imperfect but it is a key step put forward to bring the thriving corruption to an end.

"There are two types of corruption: elite and mass corruption. Just some 4-5 years ago Georgia was overflowed with mass corruption. Recently examples of mass bribery have been noticeably reduced in number, though elite corruption was brought into practice that is mounting from year to year. Society's response to elite corruption is rather weak so far not because people are not concerned with it, but because it is invisible. Society members are satisfied whenever they are safe from paying bribes to low ranked bureaucrats for obtaining different documents and they don't ask

how the state budget funds are spent. The society is very little aware of elite corruption cases and sometimes is not informed at all". (NGO expert)

Also, as some other interviewed experts argue: firstly, it is essential to define the term corruption. If corruption viewed only as a group of criminals and criminal violation then it does not exist at all. Many of us believe that corruption is just a bribe-taking. Following this perception corruption has been uprooted so far as a number of anti-corruption actions has been taken, including introduction of a new patrol police force, reforms of public and civil registries and undoubtedly the striking examples of corrupt practice are not observed any longer. Yet there are many other aspects besides these criteria under the definition of corruption. We can't speak of a country as a non-corrupted if not mentioning good governance, non-existence of nepotism and cronyism, effective public administration system, etc. All these characteristics are preconditions for a non-corrupted country and definitely a country is corrupted if it is broadly experiencing a practice of appointing friends and relatives to high-level, especially political posts and using such incentives. Moreover, the public service code has not been yet adopted and no unanimous decision has been reached. Despite the performance of terms under the Law on Public Service, such as submission of property declaration, we fail to observe/trace the outcomes of conflict of interest or state procurement cases. For instance winner companies with lowest offer prices make 60-70% increase afterwards.

We rarely come across the examples of direct corruption in state procurement procedures, or when hiring public service stuff and exercising incentive or career development mechanisms; however the indirect corruption still exists. Even though corruption is not as apparent as before for the corrupt practice and biased decisions are made by authorized high-officials, poor public service and bureaucracy system, complicated procedures and inappropriate level of transparency serve as a clear evidence of its persistence. Society members repeatedly receive refuses for obtaining public information from courts and other public agencies and the explanation they mostly get is that these institutions are busy doing much more important things than dealing with transparency issues. There is a sound coordination within the public service and one can receive similar responses from Ozurgeti and Gurjaani local authorities, but even the high-level coordination together with other reforms and initiatives do not always satisfy the society's needs. That is why it is essential to address all the details and peculiarities of the public administration system.

"On the other hand, the overall situation has been improved dramatically and many exhausting procedures have been simplified. As such, civilians can exercise an easy access to the information on their property by visiting Public Registry website and making a bank payment instead of staying in the endless queues for obtaining the Public Registry extract. One of the positive and most

noticeable outcomes is a decrease in bribery cases that were supposed to be the only way of decision-making. Obviously, after 90s and especially following the Rose Revolution considerable efforts have been made aiming at developments and we faced a significant improvement. However, during last several years no further progress has been made and the public agencies are hiding the information even more frequently using more elaborate “rid of” methods. “ (Anticorruption NGO expert).

Very useful information in this direction can be derived from Freedom House – Nations in Transit report 2009:

	1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Electoral Process	4.00	4.50	5.00	5.25	5.25	4.75	4.75	4.50	4.75	5.25
Civil Society	3.75	4.00	4.00	4.00	3.50	3.50	3.50	3.50	3.50	3.75
Independent Media	3.75	3.50	3.75	4.00	4.00	4.25	4.25	4.00	4.25	4.25
Governance*	4.50	4.75	5.00	5.50	5.75	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	5.50	5.50	5.50	5.75	6.00
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	6.00	5.75	5.50	5.50	5.50
Judicial Framework and Independence	4.00	4.00	4.25	4.50	4.50	5.00	4.75	4.75	4.75	4.75
Corruption	5.00	5.25	5.50	5.75	6.00	5.75	5.50	5.00	5.00	5.00
Democracy Score	4.17	4.33	4.58	4.83	4.83	4.96	4.86	4.68	4.79	4.93

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

It is also supported with these data, that since 2005, the Georgian authorities have waged a selective campaign against corruption that many believe exempts the president’s closest entourage. International financial organizations have registered marked progress in the economy and business

spheres, but Transparency International Georgia has listed numerous areas where the authorities have failed, whether out of inertia or lack of political will, to remedy perceived shortcomings. Thus, the rating for corruption from 2006 remains unchanged at 5.00.

Government and Political Society

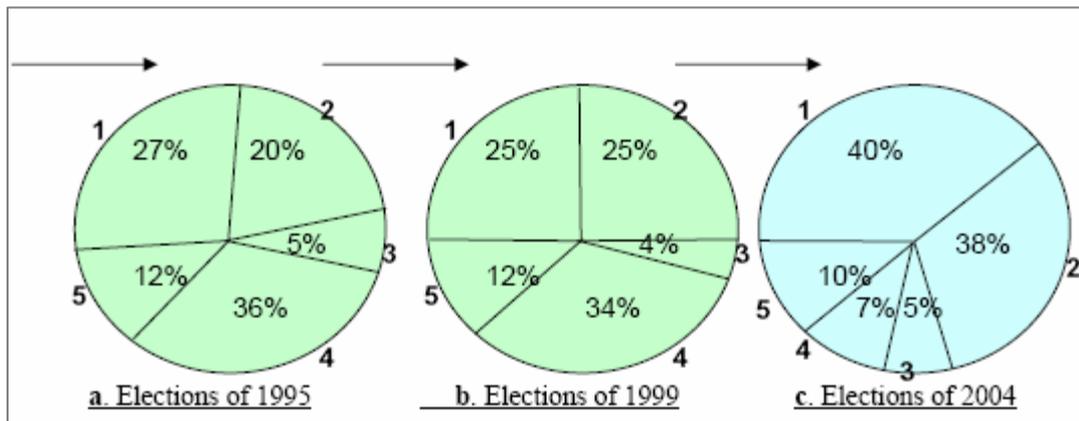
To briefly summarize political life for the considering period, for much of the 1990s, Georgian politics was dominated by one party, the “Citizens Union of Georgia” Shevardnadze’s power base. The opposition that existed was weak and failed to mount a challenge to Shevardnadze’s political dominance. After parliamentary elections in 1999, however, various splits developed within the CUG, and Shevardnadze’s formerly dominant party rapidly lost influence. The weakening of the CUG gave birth to three distinct political forces: a group of Shevardnadze loyalists, a radical opposition loosely classified as the “Reformers Team” and the “New Rights” Party, a more moderate opposition that views Shevardnadze as a guarantor of international stability, but which is also critical of the government’s domestic policy. With 2000 presidential elections Shevardnadze extended his presidency for another five years. That was the situation until November 2003. When the “Rose Revolution” in Georgia brought to power president, Saakashvili, he symbolized refreshment, reform and change against stagnant “maintenance of stabilization” at any price, democracy against authoritarian regime; the vast majority of Georgian population supported him and seemed ready and hopeful again to “rebuild” strong nation state. Nevertheless, as always, people’s expectations are always higher after such big events than new political elite can fulfill. In spite of many positive changes, dealing with Adjara region, improving tax gathering, solving corruption problem in executive authorities (on lower levels), there are still many economic problems, problems with uncontrolled regions of Osetia and Abkhazia, with infrastructure, and alongside were emerged new ones such as with human rights, free media, weakening local governance and gathering too much power to one man’s hands, to one position – president’s post⁴.

For the situation and development with political society, and changes through election cycles - Today it is vivid that main trend in Georgian politics is sharp line between governing party and opposition; Nationalistic Movement vs. all major oppositional parties, what is the cause of strong political tensions which to be come again on political arena of the country, also last snap presidential and parliamentary elections did not change a situation much.

⁴ Tevzadze et al.

To describe political changes before the last elections, below is given the dynamics of political elite circulation process according to three parliamentary elections⁵:

Figure 1. Percentage representation of the political forces in the parliament



1 – Percentage of people directly appeared in the following parliament. In cases a. and b. these are core base of the CUG party. In the case c. this is NMD party and it also includes people who remained in the parliament according to the official results of Majority system vote, after the rose Revolution, 70MPs.

2 - Recruited new loyalists

3 – Other or Background unknown or the new political figures. In cases a. and b. these are people without party affiliation or whose background is unknown. In case c. these 5% are the new political elite who came from the NGO sector and some active public figures during the Rose revolution, currently in opposition to the NMD.

4 – In cases a. and b.: People in close relation (relatives, close friends) of the group 1 CUG, and Majority vote. In case c. this is oppositional parties came from the old elite, in opposition to the ruling majority ('New Rights', and 'Industrialists' parties)

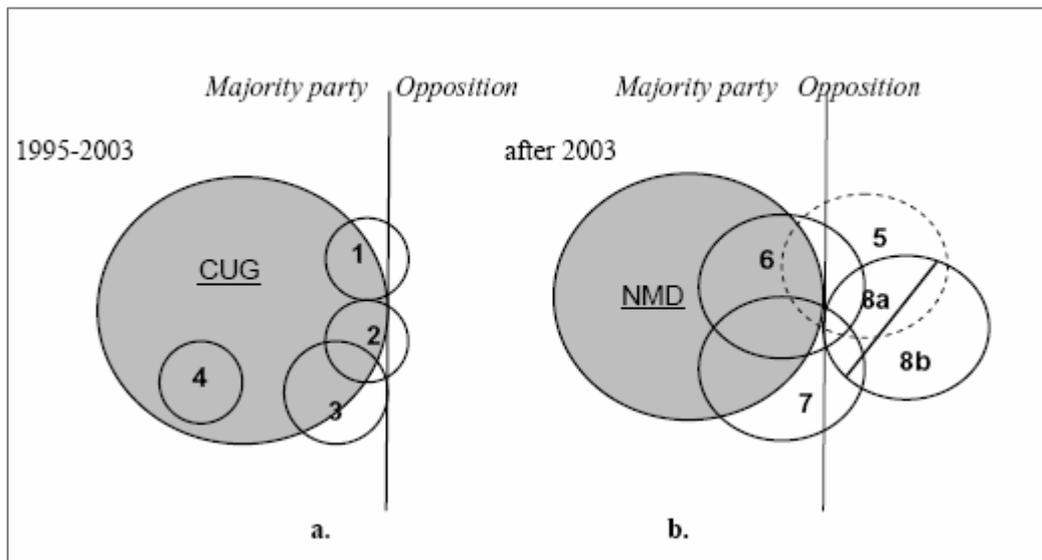
5 – In case a. and b. these are the pseudo-opposition (MPs from 'oppositional' parties, which in fact were supporters of Shevardnadze). In case c. these are people with floating position, who cannot be considered as the opposition or as the majority supporters (mainly came from Burdjanadze and Zhvania supoorters during the Rose revolution).

From these figures we can see that during Shevardnadze's rule, governing elite reproduced itself from parliament to parliament in about 60-65% recruiting about 20-25% new members. After the Rose Revolution, whatever their political course and claims are, 40% of the old elites have managed to reproduce themselves in the new parliament with 38% new loyalist cadres.

In terms of political party shares in political elites, we have almost the same picture with one-party rule:

⁵ Information taken from the research 'Changing Elites: Post-Soviet Georgia and The Rose Revolution' by David Tsitsishvili, for Central European University in 2006

Figure 2. Division of parties by Majority/Opposition affiliation before and after 2003



With these figures we can see that during Shevardnadze’s rule, his power base party Citizens Union of Georgia had no opposition at all. Circles 1, 2, and 3 represent political groupings within parliament and the government who in fact were parts of different parties: ‘Traditionalists’, ‘National-Democratic-Party’, and ‘Revival of Georgia’, but who supported Shevardnadze in all his major decisions. Circle 4 represents ‘official’ oppositional parties like ‘Industrialists’ or ‘New rights’, which in fact were in close relations and network ties with the governing elites and were considered as part of it.

After the Rose Revolution, there have been some minor differences within Saakashvili’s power base party Nationalist Movement – Democrats. Here we can see that, Zhvania’s team⁶ and Burdjanadze’s teams, represented by circles 6 and 7, have considerable share in the new political elite. But both these teams support the majority party and they are considered as the part of it. However, some of them went to the opposition (together with 8a – old oppositional parties: New Rights and Industrialists). Circle 8 represents oppositional forces within the parliament and government, divided into 8a and 8b. **8a** represents old oppositional parties who existed also in the old elite; **8b** represents the new oppositional forces (e.g. Democratic Front fraction) consisting of new people who came from NGOs, active public figures and activists during the Rose Revolution.

One of the major problems in connection corruption and Georgian political society, often mentioned was the issue of family clans and engagement of relatives in power structures. The rhetoric was that

⁶ Circle 5 (as the circle 6) also represents Zhvanias team, but before Zhvanias’s death, when his team was more independent from the Nationalist Movement.

the old elites were also clannish – but now the word clan was been replaced with the word team, and there is the almost the same situation according to several experts.

For Shevardnadze's clannish network, much like John Padgett's representation of Medici's networks in 15th Century Florence (see Padgett 1993), the clannish networks of Shevardnadze family depended on one person and his actions. Shvardnadze himself was the main 'communicator' of links between different groups, and his network was based mainly on the close relative and intermarriage connections.

For Saakashvili's team and network, while composition was changing after the revolution several times, the structure has changed. There are no, or fewer, family or relative ties. New network is based more on close friends and on political loyalty, with emphasis on business interests of his supporters; also constant reliance on power ministers is notable. Due to the gradual strengthening of Saakashvili's authority and power of his team, also due to more alliances from other fractions trying to had president's power in their support, this network with time probably could achieve a similar shape as Shevardnadze's old network; But Already for the present, an increase in the number of oppositional forces and decrease of National Movement party's popularity, recent political tensions, most probably will lead to different picture for/after next presidential and parliamentary elections.

Furthermore, when discussing government anticorruption campaigns, political parties' involvement in corruption or gaining mandate with anti-corruption activities, most experts and articles in this direction showing one major trend in Georgia; for example, to address the anti-corruption actions, the bribe-taking and other direct corrupted activities are regarded as criminal actions subject to punitive proceeding under the criminal code of Georgia. All anti-corruption efforts resulted in a significant breakthrough but don't ensure long-term, system-oriented effects and fail to serve as preventive actions. Generally preventive measures are not exercised and no preventive policy is yet developed. Even with the anti-corruption strategy and anti-corruption action plan and society members' involvement nothing is actually done. Donor organizations urge to prepare anti-corruption action plan and similar documents. In 2006 these documents reflected the realistic and feasible activities/possibilities but during following years though optimistic they were much rather exaggerated. As such, state procurement system may serve a good example. The anti-corruption action plan envisaged certain measure for betterment of state procurement procedures. It also pointed out the positive effect of legislation enrichment and optimization process. However, the changes made to Law on State Procurement is not a progress at all, as due to this amendment the president and the government are entitled to purchase goods or services on the basis of negotiations with one person, even if the amount of the purchasing is or exceeds million GEL. The other example is another modification allowing the business trip and other expenses not being managed under the procurement procedures. All these amendments and modifications have

diminished the role of Procurement Agency, centralized the procurement system and created noncompetitive procurement environment and poor control over state expenditures.

The first and the most effective stage of anti-corruption campaign, was observed in the Ministry of Education in terms of national examinations reform. At the same time strong controlling bodies like General Inspection have been successfully functioning and providing a good anti-corruption support.

A serious problematic issue remains the election of politicians for their anti-corruption mandate. This also may turn a problem for the electorate. Unfortunately Georgian society is not much concerned with money origin. If a politician has some funds it is already a priority and no questions arise about how and from which sources money was obtained. Perhaps, because money is the primary and indispensable precondition to win, its origin does not make much sense for the society.

One of the first Saakashvili's initiatives was focused on anti-corruption actions identifying illegal property and income of government authorities. If compared to current political environment, this issue is no longer a problem of today neither for government, nor the opposition. However, the society also stays disinclined.

There is no evidence of direct corruption among the opposition parties and leaders. Still it is hard to find an opposition party to the full extent satisfying the ethical standards, that are also essential aspects underpinning anti-corruption image. Any method or trade-off, whether ethical or not is applied by the opposition to succeed and win the electorate's hearts.

Disguised advertising is also a successful way of bribing an electorate and no legal constraints are applied. Even one day media monitoring of state-controlled TV channels shows that advertising panels are mostly filled with a mayor candidate Gigi Ugulava's image. Officially such advertising is called the social advertisement and government allocates considerable funds for promoting state activities by ordering advertisement at commercial channels.

Funding of political parties is regulated by the legislation and state financial support as well as other type of sponsorship or donation is transparent and documented. Even so, the pre-election environment is corrupted.

The major problem is the lack of transparency as society is not informed and cannot fully exercise its rights.

Also, in the majority of cases state reforms were effective yet not always efficient. Police and entrance exams reforms both were very efficient as government managed to convince the society that corruption no longer continued its existence.

“Even though, it is hard to speak of any anti-corruptive reforms in a country with corrupt courts. During Shevardnadze’s era, judges were taking bribes directly from citizens and nowadays courts are following the direct instructions of members of parliament or government. The anti-monopoly service was abolished since declared corrupted. Ministry of Internal Affairs as many other organizations in Georgia is also corrupted. It is impossible and irrational to close down all Georgian institutions as well as it was unreasonable to abolish anti-monopoly service that was in charge of control over monopoly in the country. The most suitable solution to this problem was restructuring of anti-monopoly service and development of anti-monopoly legislation but government had other intentions. As a result corruption of political elite has been intensified giving rise to powerful monopolies. Therefore bribe-taking has become unpopular and useless. Government exercised the same policy against the Chamber of Control. Although the latter was not abolished its power was diminished dramatically. Except the Okruashvili’s case, most of the cases initiated by the Chamber of Control against government authorities were sustained.” (interw. NGO expert)

Corruption is mostly associated with the governing party, for neither money accumulation nor spending is transparent. The majority of mass events and concerts organized by the governing party are formally sponsored by the party itself as all of them are funded by the businessmen. Corruption also exists among the other political parties most well-known examples of which are related to “selling” of their electoral votes. The society’s trust level in political parties or leaders is very low while the skepticism is escalating.

To add some more information on state reforms under present president, following are the notes from main country reports of Freedom House, Global Integrity and others: one of the most visible consequences of the 2003 Rose Revolution was President Saakashvili’s single-minded campaign to eradicate the entrenched corruption that for over a decade had undermined efforts to attract international investment and end economic stagnation. In its 2008 Doing Business report, the World Bank ranked Georgia 18th overall among best-practice economies in terms of the ease of doing business, although it placed only 102nd in terms of paying taxes. The report noted that Georgia had strengthened investor protections, in part by eliminating loopholes that had “allowed corporate insiders to expropriate minority investors.” It also praised a new insolvency law that streamlined company reorganizations and liquidations and noted that Georgia had sped up the construction permit approval process, simplified property registration procedures, and eliminated a paid-in capital requirement for starting businesses. Finally, the reports cited improvements at Georgia’s private credit bureau, which had “added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.” At the same time, the European Bank for Reconstruction and Development in 2007 found that some Georgian legislation did not fully meet international standards or was not fully effective with regard to corporate governance, insolvency, and secured

transactions. Transparency International's 2008 Corruption Perceptions Index registered a further improvement in Georgia's performance, ranking it at 67 out of 180 states—on a par with Ghana and El Salvador—with a score of 3.9, up from 3.4 in 2007 (10 is the best score on the index's scale of 1 to 10). But Transparency International Georgia pointed out that the 2008 index's ranking was based largely on data from 2006–2007 and noted in a September 26, 2008 press release that the Georgian authorities had failed to address shortcomings it highlighted one year earlier, specifically with respect to effective reform of the civil service, increased scrutiny of public officials' assets, research-based anticorruption measures, increased transparency of plea-bargaining procedures, better access to information, improvement of the public procurement system, and targeted public spending. The popular perception within Georgia is that while the authorities are merciless in targeting the most visible manifestations of petty corruption at the lowest level of the bureaucracy, such as extortion by traffic police, Saakashvili turns a blind eye to major corruption and abuse of power among his closest associates. As will be discussed further in the next section of this report, many journalists, especially outside of major urban areas, are afraid to investigate cases of official corruption. The media do, however, routinely report the arrests and trials of middle- and low-level officials.

Civil Society and its Heroes – Voters' perceptions

At present, when considering civil society in Georgia, the picture NGO and other civil society representatives draw by themselves, is that, during ten years that Shevardnadze governed the country, civil society began to emerge. It might be said that it existed of course on the level of Non-Governmental Organizations, with help of and via European and US funds, and these NGOs were oriented toward the West. This orientation was reflected also in political parties and in society in general. In other words attitudes toward the West were much better within Georgian society than we face now, after the revolution. The West was treated by people as a friend, as a hope, as a democracy caring out institution, which was helping to those who really were fighting for human rights, for establishing democratic values. This is a different issue how all this was done and how this fight for democratic values was going on, but as a result in 2003 there was an independent press, an independent media which was not controlled by government. Governing elites also could not control those people and businessmen who invested in media and this media and NGO sector actively and without fear was marching against that government and their flaws, which led to the revolution of roses. So, before the appearance of the 'reformers' team' within the ruling elite (SMK), and the unity of the old elite was destroyed, all those people from NGO and media sectors were more openly opposing the regime, mistakes and all non-democratic characteristics of the old elite.

After the revolution, almost all the active leaders of civil society came to the new governing elite. In other words the civil sector was weakened.

“As regards the civil sector it is characterized as weak and ineffective. There are a few strong civil society organizations, namely, Green Alternative that focuses on environmental issues, International Transparency Georgia and Young Lawyers Association playing crucial role in developing civil society and amplifying voices against political misconduct and violations. Eurasian Partnership, Open Society Georgia are also influential donor organizations actively working in this direction, while the civil society itself remains reluctant and unaware of its rights and its participative role for sustainable development.” (interw. NGO expert)

As of today the most influential organization is Young Lawyers Association. Its activity is mainly focused on elite corruption practice. Young Lawyers Association has carried out valuable investigations and revealed several cases of unreasonable spending of state budget funds. Transparency International also conducts very important studies that periodically become available to the society. Both of them are the most powerful civil society organizations that unveil government's misconduct and elite corruption.

One of the major factors that determine civil society's involvement and efficiency level is internal funding. State funding is not obtainable and hardly any entrepreneur ever understands the importance of spending on development of civil society. Besides, businessmen are very well aware of the consequences of any attempt aimed at civil society funding which may easily cause them serious problems with government authorities.

Also, according to observed attitudes and international country reports, and as interviewed experts argue, voters as well as business sector are ready for corruption. Most of the voters are politically deprived and ready to take bribes for their votes. All of the elections conducted in Georgia proved it. Some of the voters are cheated but the rest fraud their votes and deprive its country of the democratic development.

Main Public Anti-Corruption Initiatives⁷

- **Legislation:** Georgian legislation complies with the [United Nations Convention against Corruption](#) (UNCAC) and the government has worked to further harmonize Georgian legislation with the convention and to establish procedures that enabled Georgia to access the convention in November 2008. Georgia's Criminal Code criminalizes attempted corruption, active and passive bribery, bribing a foreign official as well as money laundering and strictly punishes convicted offenders (Criminal Code Art.338-339). Parliament has passed a package of constitutional amendments criminalizing the abuse of public office and bribery with a maximum sentence of 15 years and confiscation of property. One of Georgia's guiding anti-corruption laws has been the Law on Conflict of Interest and Corruption in the Public Sector, which was incorporated into the 2005 National Anti-Corruption Strategy. The law prohibits corruption among public servants and requires the disclosure of assets by public officials and their families in order to ensure transparency. However, there is no follow-up mechanism in place to monitor and scrutinize these asset statements effectively. In order to prevent conflict of interest, the law also prohibits public servants from involvement in private business. Georgia's legal framework includes a Money Laundering Law, and Georgia is committed to international anti-crime cooperation. Access the [Lexadin World Law Guide for a collection of legislation in Georgia](#).
- **Government Strategies:** The Government of Georgia adopted a [National Anti-Corruption Strategy](#) in June 2005, followed by an [Implementation Action Plan](#) in September that same year. These measures were elaborated and updated for 2007-2008 with the goal of improving transparency and effectiveness of the civil service and strengthening the role of inspectors general within public agencies. The strategy and action plan have been criticized for failing to address the root causes of corruption, for failing to provide an adequate definition of corruption and for focusing too much on curative rather than preventive anti-corruption action. Several international donor programmes have been launched to assist Georgia in pursuing a strategy that increases the capacity for good governance. These include those by [Danida](#) (Denmark), [Sida](#) (Sweden), and others.
- **Anti-Corruption Council:** An Anti-Corruption Council was set up in January 2009 in order to support and update the National Anti-Corruption Strategy. According to the aide to the

⁷ Business Anti-corruption Portal – Public anti-corruption initiatives. <http://www.business-anti-corruption.com/>

Prime Minister of Georgia, Bakhtang Lezhava, the council will also apply recommendations by NGOs.

- **Anti-Corruption Agencies:** Georgia's main anti-corruption body is the National Security Council (the website, <http://www.nsc.gov.ge/>, is under construction) which was charged with the drafting of the 2005 National Anti-Corruption Strategy. The State Ministry of Reform Coordination oversees the strategy's implementation. Neither the council nor the ministry can be defined as independent anti-corruption agencies. Reforms in the Criminal Procedure of Georgia removed the responsibility from the General Prosecutor's Office to deal with crimes other than those that are corruption-related, effectively turning it into an anti-corruption agency. Thereby, Georgia increased its compliance with the UNCAC, which stipulates that each country adhering to the convention should establish an independent anti-corruption agency. The Main Investigative Department within the General Prosecutor's Office has exclusive jurisdiction over all corruption-related offences within Georgia.
- **The National Ombudsman:** The [Ombudsman](#), also called the Public Defender of Georgia, was established in 1997. The Public Defender institution supervises the protection of human rights. It also supervises the activities of public authorities, public officials and legal persons and evaluates their activities. It has become a quite strong organisation. In principle, it is independent, although the government tries to influence it. It has received much support from several international donors, including [USAID](#) primarily, but also [Sida](#) and [Danida](#) among others, to secure the professionalism of its staff. The Public Defender does not have the authority to investigate cases, and can only recommend to law enforcement authorities that they initiate investigations.
- **The Auditor-General:** The [Chamber of Control of Georgia](#) (CCG) is the main audit unit in the country. It has been going through reforms to fulfil its role as an independent external auditing body able to ensure that good governance is upheld. A project to aid this development is taking place with the support of German experts. CCG auditors are receiving training in international auditing principles. The reform of the CCG has not yet been completed, and the legal framework for its work is still weak according to [Global Integrity 2008](#).
- **E-Governance:** Many Georgian ministries now have informative [websites](#) to increase transparency, although some ministry websites lack information in English, which makes it difficult for potential international partners to understand procedures. The [Ministry of Finance](#) provides online services for company registration, taxes and customs (under development). The [State Procurement Agency](#) has developed an online service where tenders are published with relevant contact information. This will gradually promote transparency. The

Ministry of Economic Development has produced a [privatisation website](#) detailing ongoing privatization initiatives and sales in order to increase transparency and equality within the privatization process.

- **Public Procurement:** There were concerns in the past over conflict of interests in public procurement, as the now replaced Procurement Office functioned under the [Ministry of Economic Development](#), which is one of the major purchasers of public contracts. To mitigate these concerns, Georgia established the [State Procurement Agency \(SPA\)](#), again under the control of the Ministry of Economic Development. It is supposed to function with greater power and independence, although it remains subject to the ministry's interference. Information concerning the 2005 Law on Public Procurement 2005, which governs public procurement, can only be found on the Georgian version of the SPA website. It was drafted by the SPA, passed in 2005 and put into force 1 January 2006. The law stipulates that public tenders should be publicized. Enforcement, however, is still relatively weak in certain aspects due to the inadequate training of officials and the low level of awareness of this law. According to [Global Integrity 2008](#), Georgia's public procurement framework is 'very weak' due to a lack of conflict of interest regulations for public procurement officials, professional training and mechanisms to monitor their assets. Although there are mechanisms to contest procurement decisions, companies found guilty of corruption in procurement processes are not prohibited from participating in future bids. The government has been making efforts to improve the transparency and efficiency of the public procurement system, in part by strengthening information exchanges between the State Procurement Agency and the [Ministry of Finance](#).
- **Whistle-Blowing:** Whistleblower protection is supposedly ensured by the 2004 Law on Freedom of Speech and Expression (Art. 12) as long as the disclosure is judged to be in 'the public and lawful societal interest'. However, whistleblowers within state institutions reportedly continue to suffer from disciplinary action and harassment when they report suspicious activities within state institutions. The right to access public information is secured in the General Administrative Code of Georgia (Chapter 3: Freedom of Information), although the [Law on State Secrets](#) places restrictions on revealing information believed to be damaging for the sovereignty and security of the country. Regardless of the freedom of information provisions, [Global Integrity 2008](#) reports that public offices are known to ignore or delay requests to access information and whistleblower protections lack regulation. Global Integrity 2008 assesses Georgia's whistle-blowing regulations as 'very weak'.

General Comments on the Public Anti-Corruption Initiatives: *After the August 2008 military clash with Russia, the security situation in Georgia has taken priority on the political agenda. The Saakashvili government is taking steps to convince foreign investors that stability has been restored. Until spring 2008, anti-corruption reforms had taken priority and Saakashvili's policy seems to have produced results. Citizen confidence in public institutions and public officials has increased considerably. The international community has praised Georgia for setting an example of how to turn a corrupt state into a 'good governance country'. The government has been criticised, however, for failing to address the root causes of corruption, for failing to provide an adequate definition of corruption and for focusing too much on curative rather than preventive anti-corruption action. The Saakashvili government's main challenge is to institutionalise the anti-corruption measures that it has implemented, to establish an effective anti-corruption agency, and to adjust economic reforms so that they become more palatable to the disadvantaged sectors of society in order to increase their sustainability.*

However, it should be mentioned, that civil sector is still quite weak in fighting corruption in Georgia, given civil sector organizations are working in this direction but they are quite few and their impact is often less visible and less influential as it might be, these few main organizations can be named as heroes in the field as well, since they are almost alone and often trying to deal with hard corruption cases and facing unwillingness and lesser support from government and even from media. The point here is that, in general, civil society is considered very weak in Georgia and needs further support and development to gain more power to deal with more elite corruption, which is prevalent in country today. Nevertheless, many success stories/cases and projects by these civil society actors are important and good examples in fighting corruption, can serve as useful resource for others.

Here are most prominent civil society organizations in Georgia: Georgian Young Lawyers Association (GYLA), Transparency International Georgia(TIG), Open Society Georgia Foundation (OSGF), Association Green Alternative, Economic Policy Research Center (EPRC), Civitas Georgia, Eurasia Partnership Foundation- Georgia, CARE, CiDA, Association of Young Economists of Georgia – GYEA, Center for Strategic Research and Development of Georgia (CSRDG); United Nations Association of Georgia (UNAG); American Bar Association (ABA); International Association of Business and Parliament – Georgia (IABPG).

The aim of all the NGOs listed above is to contribute to the democratization process by raising public awareness and actively involving citizens in the decision-making process. This is why combating corruption and creating a transparent and responsible public sector is one of the main

directions of their work (except Transparency International-Georgia, which is focused solely on anti-corruption reforms in the country).

To distinguish and talk about real heroes in fighting corruption, unfortunately in recent years there quite desperate situation with concrete figures associated with anticorruption activities, while there were many such cases and figures to appear during Shevardnadze's rule. In this line can be named former public defenders, journalists⁸, independent experts/investigators, NGOs like 'kmara', student's movements, etc. who made great impact and practically led to the Rose Revolution, which mainly disappeared from public arena since 2004. Also, it should be mentioned that this is due to people's expectations and hopes delegated to the current president Saakashvili, who came to power in the first case thanks to anti-corruption mandate, he himself was fighting against corruption and continued that trend for the first years of his rule, and if not giving up this trend afterwards, recent stagnant situation in this direction and governments unwillingness to fight against and often even support the elite corruption, as many experts and civil society representatives argue, President Saakashvili had chance to become real national hero, since with his coming to power is associated most positive reforms eradicating corruption and dramatic change not only in Georgian people's perceptions of corruption, but in outside international *spectators'* view as well. However, to return to the current situation, the most influential and even heroic organizations fighting corruption in Georgia are named above NGOs, and most successful, widely known, not giving up the work for years is the Georgia's Young Lawyers Association (GYLA) named above.

Civil Society Projects Review

While assessing the present state of the civil society, it is useful to refer to a comprehensive study in the field – “An assessment of Georgian Civil Society (2005)”. This study, while summarizing the main findings with regard to the environment for the CSOs stresses the following: “The environment in which civil society operates can be regarded as slightly disabling and hindering civil society's further development.” The main reason for such an assessment is understood to be the political context, which includes among others certain restrictions on the political participation of citizens, weak institutionalization and weak internal democracy of political parties, poor development of the rule of law, substantial corruption, low state effectiveness and underdeveloped decentralization. During our discussion on CSOs' role in anti-corruption reforms it would be advisable to understand the present state of NGO community after the “Rose Revolution”. The following assessments have been made by the researchers on the civil society's role: “In the post-revolutionary period civil society's importance, at least in the perception of the public, declined. The government believed that it had

⁸ Some of these representatives are mentioned in 'corruption timeline; in the first section of the report.

already absorbed a large part of the best human resources available in the Third Sector. Thus, listening to the remaining CSO activists was seen as less important, especially as the government did not lack public support. Within the donor community the opinion prevailed that the funding flows should be diverted to the new government, since this would be the shortest and most effective way of achieving the country's goal of democratic development. The media paid less attention to CSO-organized events, as it no longer considered this community an important actor in public life.

Nevertheless, as it will be seen below, the interventions of Georgian CSOs are still very important in the anti-corruption reforms and they attract the attention of the media.

Georgian Young Lawyers' Association (GYLA), with the financial support from the Open Society Institute and Open Society Justice Initiative, implements a project called "FOI Implementation, Law Reform and Financial Transparency". The project aims at the promotion of accountable government structures through implementation of the legislation on the access to information and, at the same time, promotion of financial transparency in the public institutions funded from the state budget by using FOI as an instrument. The following activities have been implemented within the framework of the project:

1. Implementing freedom of information principles in real life by strategic litigation and monitoring access to information;
2. Monitoring and advocacy through the project "Georgian Government under Sunshine", which includes the following elements:
 - Support of the establishment of public broadcaster;
 - Monitoring of the President's reserve fund;
 - Monitoring of the Government's reserve fund;
 - Monitoring of the reserve fund of Adjara autonomous republic.
3. Assistance to the development of the local NGO sector addressing corruption and transparency actions in Adjara and Kutaisi;
4. Round tables and trainings for judges and freedom of information officers;
5. Creation of data bases of freedom of information officers in Georgia;
6. Creation of an online guidebook on Freedom of Information;
7. Elaboration of recommendations for the promotion and development of freedom of information legislation and practice in Georgia.

Within the framework of the project campaign - "The Government of Georgia under Sunshine" - GYLA has undertaken financial monitoring of the reserve funds of the President, the government of Georgia and of the government of the Autonomous Republic of Adjara. According to the Georgian legislation, the objective of the reserve funds is to cover emergency events of state importance, such as natural disasters and unpredictable state obligations. The monitoring of the reserve funds has identified a number of violations. Even though the law definitely specified the purpose and objectives of creating such Funds, misappropriation of money from the reserve funds was a permanent topic of discussion. GYLA issued well-reasoned conclusions on expenditures from the reserve funds several times. Probably, it would have been logical if the actual outcome of our

remarks on permanent violation of law and misappropriation of state funds was termination of bad practice by state officials or at least plausible explanations from their side. As a result of our report, legislation was changed to accommodate the demands of the President, making it easier than ever to spend funds without being held accountable to the public.

In order to support anti-corruption reforms in public institutions, the NGOs mainly carry out the following activities:

MONITORING - one of the most common forms of anti-corruption activity within the non-governmental sector, the aim of which is increasing financial transparency of budgetary process. Priorities of the monitoring activity conducted by the NGOs are the following: o Monitoring of the process of planning of central state budget and its compliance with it, monitoring of transparency of revenues and expenses (this type of monitoring is carried out by EPRC, TIG); Monitoring of certain individual expenses of state budget (this type of monitoring is carried out by TIG, GYLA); Monitoring of local budgets and their expenditures (CSRDG conducted the analysis of Tbilisi municipal budget and certain activities financed from the local budget; EF has financed non-governmental organizations that carry out monitoring of local budgets); o Monitoring of certain sources of revenue of state budget (TIG conducts monitoring of the revenues received from privatization and plea bargains); Monitoring of budgetary investments of foreign states and foreign companies and of obligations under investment agreements (Monitoring of sums received from Millennium Challenge Corporation (MCG) and British Petroleum (BP) carried out by TIG, EPRC, GYLA)⁹;

In order to ensure that the monitoring results are made known to the public, the NGOs employ various campaigning methods. The most common form is publication of monitoring results in the form of reports, newspaper articles, brochures, etc.

The results of the monitoring and research are published for different target groups:

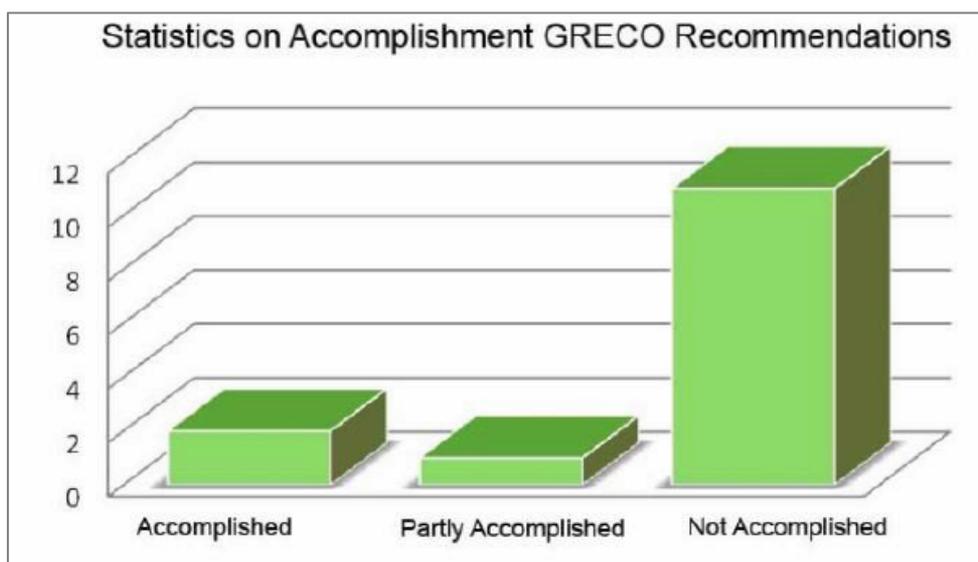
- Small group of specialists who take interest in the issues concerned (e.g. state budget analysis carried out by EPRC);
- Larger group of population, in which case the results are published in simple understandable language (e.g. Tbilisi municipal budget analysis carried out by CSRDG). In recent years it has become a tendency that the NGOs not only publish monitoring results to point to problems but also to analyze the results and make relevant recommendations to the state to help eliminate the problems that have been revealed as a result of monitoring. Almost all NGOs are prepared to cooperate with public institutions and provide consultations or other type of expert assistance as necessary. In this regard, the activities of TIG, EPRC, CSRDG, ABA, OSGF and others are important. At the same time there are NGOs whose sole purpose is to provide consultation, expert

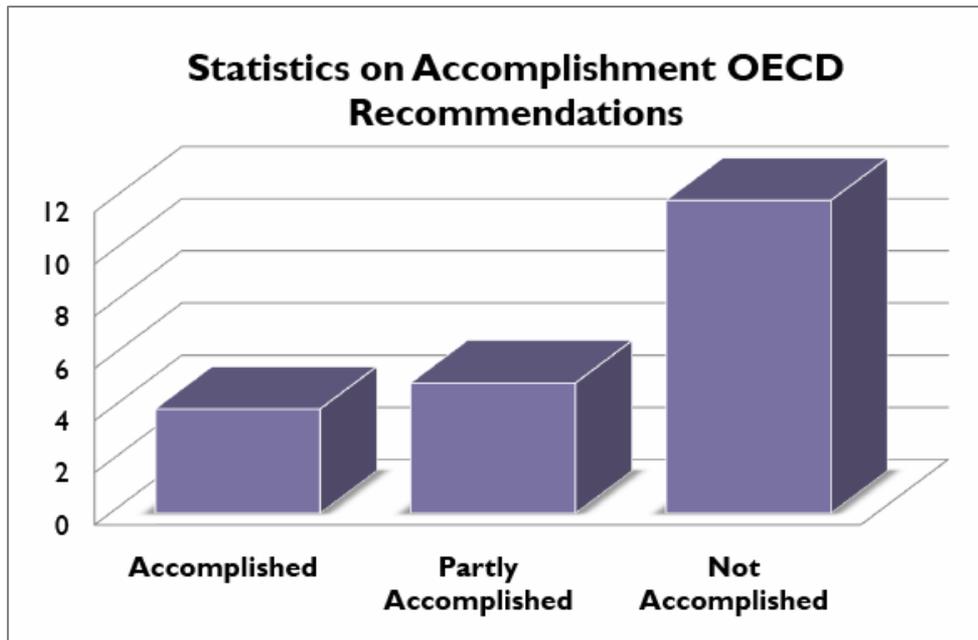
⁹ See information on projects in anti-corruption database provided with this report

advice and other type of assistance to the state bodies as well as to contribute to closer cooperation between the society and public institutions and achievement of transparency of the activities of the latter (e.g. International Association of Business and Parliament – Georgia). The Coalition “For the Transparency of Public Finance”²⁴ comprised of 5 NGOs experienced in conducting financial monitoring (GYLA, TIG, OSGF, EPRC, and Young Economists’ Association of Georgia) makes an important contribution to anti-corruption reforms. This Coalition was created on the initiative of OSGF and has been actively conducting anti-corruption activities for the past 2 years. This type of work within the framework of a coalition is quite effective because there is more possibility for information sharing, effective use of human resources, etc.

The outcomes of the monitoring activities are more notable when it comes to the recommendations given with regard to investments made in Georgia by foreign companies or foreign states. For instance, BP as well as MCG took into account the recommendations received from the NGOs that have conducted monitoring and started to pay more attention to planning and control of expenditures. However, there are negative examples as well, for instance, after publication by GYLA of anti-corruption reports on reserve funds of the government and the president, amendments were introduced in the legislation that made the process of controlling these funds even more difficult.

Some important outcomes that civil sector monitoring has revealed:





Source: GYLA 2008-2009 presentations

Similarly, was studied, revealed and made available to public information on state's anticorruption strategy ACTION PLAN/commitments accomplishment, which was shown to be just 12 % fulfilled.

In addition to monitoring, other activities related to anti-corruption include:

- **JOINT LEGISLATIVE ACTIVITY OF PUBLIC AND PRIVATE SECTORS** – various NGOs carry out legislative activity on their own or in cooperation with various state institutions. For instance, within the framework of anti-corruption program, ABA/CEELI took part in preparation of the draft law on general inspections²⁷. Also, in cooperation with relevant public institutions, UNAG is working on the issue of reforming of the Public Servant's Financial and Property Status Bureau of the Ministry of Justice, which includes preparation of relevant draft law.
- **SEMINARS, TRAININGS, COMPETITIONS, WORKSHOPS** – these are the directions of anti-corruption activities of the non-governmental sector that are aimed at raising public awareness. Almost all NGOs involved in anti-corruption work carry out this type of activity, and their target groups are quite diverse. They include civil society members interested in these issues, as well as public servants, journalists and even school children.

The NGOs consider that one of the most important achievements of the activities above is that the target groups have learned how to conduct budget monitoring and request public information. Public awareness with regard to anti-corruption issues has been raised, and journalists have become better qualified to discuss the budgetary issues, etc.

Media

The report published by the Freedom House (2007-2009) discusses the cases of political pressure on media, even extralegal intimidation and instances of physical violence against journalists. With regard to the present state of media in Georgia it would be interesting to refer to the analytical article by free-lance journalist Ms. Eka Kvesitadze on new challenges and opportunities in Georgian media today:

Ms. Kvesitadze agrees with the general assumption that the level of media freedom has dropped since the Revolution. She identifies two main challenges which are faced by the media in Georgia: self-censorship and lack of constructive criticism. One of the reasons for lack of constructive criticism might be lack of professionalism. Together with the self-censorship Ms. Kvesitadze acknowledges existence of pressure from the government:

“Those in high places have established close relationships with journalists and can always “suggest” to them the angle from which to report this or that event (if, in their opinion, it is worth reporting at all). I call it friendly pressure which is common practice and which works without fail. Pressure like this is beyond documentary proof, and, consequently, it cannot be used as condemning evidence against the government. Incidentally, pressure coming from the high and mightiest is not always friendly, especially in the regions. A report published by the Ombudsmen’s office some time ago revealed instances of the local authorities bringing pressure to bear on regional journalists.”

The role of investigative journalism, once a powerful catalyst of intensive civil society activity in Georgia, has significantly diminished in recent years. Many professional journalists have been less actively pursuing cases of corruption and of abuses in the government. Furthermore, a number of once strong investigative programs have disappeared from television. Newspaper articles which are based on the investigative journalism are rare and mainly address issues of spending budgetary funds by the state institutions (e.g. Ministry of Defense). At the same time it will be interesting to note that in present reality we do not have active independent investigative journalists in Georgia.

As for one rare example, here we can refer to the group of independent journalists known as “Studio Monitor”, who have conducted several projects and produced a number of programs/films as a result of their own investigations for the last three years. In 2005 the Studio received grant from the Eurasia Foundation Georgia Office for the production of six documentary films based on investigations of human rights abuses, cases of corruption and abuses of power, as well as specific barriers to business development. Films produced by “Studio Monitor” according to the project had

to be broadcasted on Georgian Television Company - "202". Some of them have been, but taking into account the fact that "202" was shut down in 2006, it becomes virtually impossible for "Studio Monitor" to broadcast their films on other television channels. Consequently, they have chosen to organize public screenings of their films in city cinema halls, which obviously do not have the same widespread effect on the public as TV broadcasting. Later on, in 2007 the Studio received grants for the production of films from American Embassy and European Commission.

Conclusions

The improvements made in post-Rose Revolution years with regard to the fight against corruption are evident and they brought about concrete results in the country. Nevertheless, everyone agrees that this should not be considered as a reason for reducing the intensity of anti-corruption reforms. On the contrary, further steps should be planned and taken by the state with the aim of combating corruption with the support of the civil society.

The attempt has been made in this report to consider the role of the national civil society organizations in the public integrity reforms. It is obvious that the Environment for CSOs has changed after the "Rose Revolution" and because of the political context it became more complex. State institutions have been passive in accepting results of the anti-corruption monitoring in a positive manner. Nonetheless, in most experts' opinion, one of the main directions for the CSOs in this field is anti-corruption monitoring and especially monitoring of expediency and legality of spending of public funds. NGOs are active in this regard and coalition-type activities are also carried out. With regard to monitoring, positive trends can be seen in the practice of providing concrete recommendations to the state bodies to improve relevant procedures and make governance more transparent and just. Although we do see some level of cooperation from the public institutions, there are also negative examples when amendments are introduced in the legislation that make the process of controlling public funds even more difficult. However, it is also evident that by combining other types of activities (legislative, raising awareness) with monitoring and by using various methods (discussion, publications, etc.) CSOs may achieve better results in the field.

Given example in the report - Freedom of information act (FOI) as an effective tool for anti-corruption reforms/activities is still used as almost the sole means for many CSOs in their effort to influence anti-corruption reforms and make governance more transparent and just. However, the shortcomings with regard to the implementation of the FOI and legislative deficiency makes it difficult for the NGOs and even more difficult for the general public to achieve adequate transparency of the state institutions.

The situation in which the media in Georgia has to work is also very difficult. Various researchers and reports indicate that the independence and professionalism of media has been declining after the “Rose Revolution”. Some of the reasons for this are: Self-censorship, pressure from the government in the form of direct intimidations (especially evident in the regions) as well so-called “friendly pressure”, which is hardly resistible. Despite this, the media is still active in publicizing anti-corruption activities/campaigns of CSOs. It is evident that printing media plays more active role in this regard than electronic media. The sources of information for the media include mainly opposition political parties/politicians and NGOs and in exceptional circumstances their own information. The main reason for this is lack of active investigative journalism in Georgia when this form of involvement from media is generally considered as one of the strongest inputs from the civil society in anti-corruption reforms. Lack of investigative journalism may be partly caused by the overall political context on the one hand and lack of professionalism on other. Donor support to investigative journalism has decreased substantially since the Revolution. Although investigative journalism does exist in the country, it is less supported by the strong media entities (mainly electronic media) in general and subsequently it has lost its effectiveness in reaching the general public.

Today NGOs working in the field have proven to be active and professional in combining different methods of activity and providing concrete recommendations to the government. It is up to the state institutions to listen and interact. Indeed, there are shortcomings also on the NGOs’ side which needs to be well understood and challenged inside the civil society. As most international reports (TI, FH-NIT, GI) and local experts suggest, NGOs need to work harder with media on the one hand to ensure public support and on the other hand to support media itself in increasing capacity of investigative journalism.

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