

# ANTI-CORRUPTION HELPDESK

PROVIDING ON-DEMAND RESEARCH TO HELP FIGHT CORRUPTION

## OVERVIEW OF CORRUPTION AND ANTI-CORRUPTION IN GEORGIA

### QUERY

Can you provide an overview of corruption and anti-corruption in Georgia?

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### SUMMARY

Georgia has repeatedly achieved impressive results in most governance indicators since 2004. Lately the country has often been depicted as a “good student” of the fight against corruption.

After the “Rose Revolution”, the newly elected government placed anti-corruption at the top of its political agenda and strived to eradicate petty corruption through massive reforms in the public sector. Despite the success of these measures, corruption, in its other forms, remains widespread in Georgia. The concentration of power within the executive branch, coupled with the weakness of the key state institutions (for example the judiciary) and external watchdogs (for example the media), create serious opportunities for abuse of power at the highest levels of government.

This lack of checks and balances provides opportunities for the country’s most influential officials to operate with low levels of transparency and accountability, and to fraudulently use resources for their maintenance in power. Entrenched corruption, strong patronage networks, and a lack of clear separation between private enterprise and public office significantly challenge democracy and good governance in Georgia.

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#### Author(s)

Erekle Urushadze, Transparency International Georgia,  
[tihelpdesk@transparency.org](mailto:tihelpdesk@transparency.org)

#### Reviewer(s)

Marie Chêne, Tinatin Ninua, Sofia Wickberg, Transparency International

#### Date

20 November 2013

## 1. OVERVIEW OF CORRUPTION IN GEORGIA

### Background<sup>1</sup>

Georgia's approach to anti-corruption is rooted in the "Rose Revolution" that forced the resignation of president Shevardnadze in November 2003 following the 2003 rigged parliamentary elections. This revolution is considered by many observers as a culmination of mass frustration with the rampant corruption and bad governance that characterised the Shevardnadze regime (Kupatadze, 2011). In the wake of the revolution, the newly elected president, Mikheil Saakashvili, placed anti-corruption and economic reforms very high on his political agenda and attempted to fulfil his electoral promises by holding fair and transparent election processes, launching high-profile anti-corruption campaigns and initiating large-scale reforms across all levels of government (Jandieri, 2004).

This rapidly translated into restored public confidence in the government's anti-corruption efforts, as reflected by Transparency International's 2004 Global Corruption Barometer (Transparency International, 2004). In 2004, Georgia made the biggest leap of any country in terms of its perception of corruption, with 60 per cent of respondents expecting corruption levels to decrease over the next three years. However, Georgians' optimism in this post-revolution euphoria quickly decreased; in 2005 only 38 per cent of citizens believed that corruption would decrease.

The Saakashvili government's initial anti-corruption measures targeted different parts of the public sector, most notably police, tax administration, customs, public services and education. As a result, petty corruption was effectively eradicated in a relatively short period of time, and there were notable improvements in police work and tax collection (crime rates steadily went down in subsequent years, while tax revenues increased rapidly).

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<sup>1</sup> The information provided in this background section is drawn from a previously developed Helpdesk answer from 2011, author: Marie Chêne.

Critics draw a more nuanced picture of the situation, arguing that the initial anti-corruption strategy was ad hoc in nature rather than systemic, with a curative rather than preventive focus, addressing isolated cases of corruption on a case-by-case basis (Karosanidze, 2007). Some consider that corruption patterns evolved from rampant petty bribery to more clientelistic forms of corruption (Kupatadze, 2011).

The new government that came to power in the autumn of 2012 has pledged to tackle the remaining issues, such as the lack of independence of a number of key institutions for the fight against corruption. These include the anti-corruption agency, the supreme audit institution and the competition authority. The government is yet to take effective steps in the majority of cases.

### Extent of corruption

Georgia has repeatedly achieved impressive results in corruption experience surveys since 2004. The percentage of Georgian respondents to Transparency International's Global Corruption Survey who reported paying a bribe for public services has remained steadily low, and was a mere four per cent in 2013 (Transparency International, 2013).<sup>2</sup>

Georgia has also been among the best performers in Eastern Europe and the former Soviet Union region according to Transparency International's Corruption Perceptions Index. The country ranked 51st in the 2012 edition of the survey, overtaking all former Soviet countries except for Estonia and Lithuania, and scoring higher than a number of EU member states (Transparency International, 2012).

The World Bank's Worldwide Governance Indicators place Georgia in the upper half of the percentile ranks, with a score of 64, on a scale from 0 to 100, in terms of control of corruption. Georgia has experienced a dramatic improvement since 2004, when the country scored lower than 30. Georgia's

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<sup>2</sup> This is one of the lowest rates in all countries surveyed. Among those who reported having paid a bribe, the areas that appeared relatively to be most problematic were land registration and healthcare services. The data was collected in 2012, before the change of government.

score with regards to rule of law (55) also places the country in the upper half of the percentile rank, with a 24-point improvement since 2004.

Of the business representatives interviewed for the World Bank 2008 Enterprise Survey, 20 per cent considered corruption to be a major constraint in doing business in Georgia, and 14 per cent admitted having resorted to gift-giving to “get things done” (World Bank, 2008).

## Forms of corruption

### *Grand corruption*

Three issues come forward as particularly problematic in the context of business in Georgia: the significant shadow economy, preferential treatment in contract awarding, and the lack of transparency in the wave of privatisation.

According to the World Bank, Georgia has the most significant underground economy relative to official economic activity in the world, which undermines the transparency of its business environment (World Bank, 2010). Reflecting this issue, 52 per cent of companies surveyed by the World Bank 2008 Enterprise Survey claimed to be competing against unregistered companies.

According to the Business Anti-Corruption Portal, despite the fact that the tender system and public procurement have become more transparent, there are still instances of bribery being used to obtain government contracts (Business Anti-Corruption Portal, 2013). Moreover, the lack of openness about business ownership still obscures the overlap between state and business interests. Experts note that many individuals with close ties to the government have become extremely wealthy (Freedom House, 2013a). Experts also report that the political leadership used its control over the public and private domains to reward its allies for loyalty. Some former government officials allegedly acquired significant fortunes within a suspiciously short period of their resignation, and their private companies received considerable benefits or favourable treatment from the government (TI Georgia, 2012a). Meanwhile, wealthy businessmen who were elected

to Parliament on the ruling party’s list also appear to have used their position to the advantage of their companies (see, for example, TI Georgia, 2012b). There are indications of undue government interference in the activities of some private companies whose owners were either forced to surrender ownership or to make expensive gifts to the government (Netgazeti.ge, 2013).

### **Privatisation**

The Georgian government has conducted extensive privatisation of state-owned assets and facilities over the last 10 years. However, the process has often lacked transparency, and anti-corruption safeguards have been inadequate (Corso, 2007).

While privatisation of major assets usually takes place through open auctions, these are often conducted in suspicious circumstances. Under the previous government, licences for lucrative activities, especially for major mining enterprises, were awarded by the government without truly competitive and transparent processes in place (Green Alternative, 2010).

The sale of management rights over Tbilisi’s television broadcasting tower is a good example of this, as the winning company was established shortly before the auction and its founder had no previous record of working in the telecommunications sector (TI Georgia, no date 1). Similarly, companies connected with former defence minister Davit Kezerashvili were awarded exclusive rights to outdoor advertising in Tbilisi, as well as an exclusive licence to run the national lottery (TI Georgia, 2011b and TI Georgia, 2013c).

State-owned assets have at times been privatised through direct sale (without competitive bidding), sometimes at a token price. For example, in 2011, the Tbilisi City Hall awarded a company owned by a member of the City Council (from the ruling party) management rights over one of the city’s largest public parks for a period of 50 years, without any competitive selection process (TI Georgia, no date 2).

### *Collusion and political corruption*

#### **Concentration of power**

The extreme concentration of power in the hands of the president and a few other high-ranking members of the executive branch (Mitchell, 2012) weakened the legislature and the judiciary, as well as their ability to counterbalance the government (Freedom House, 2013a). Meanwhile, external watchdogs, such as the media and civil society, also remained weak (TI Georgia, 2011a).

On some occasions, the political leadership reallocated different types of public resources to ensure their party's continued dominance in the political system (Kupatadze, 2011). According to experts, Georgia regularly experiences undue influence on voters, and there have been some reported cases of inappropriate administrative and financial resource use with the aim of influencing voters (Bertelsmann Foundation, 2012).

There are strong signs that large companies were awarded non-competitive government contracts in return for donations to the ruling party's campaign fund, and were evidently discouraged from making donations to opposition groups.<sup>3</sup> As a result, it was common for the ruling party's campaign funds to be 10 to 20 times the size of the combined campaign funds of all other parties (TI Georgia, 2011a). The Saakashvili government also used its power to secure the takeover of the most influential media outlets by loyal businessmen. As a result, political content critical of the authorities gradually disappeared from the country's top television stations, which also stopped airing investigative programmes (Freedom House, 2013b).

#### **Political party finances**

Georgia is yet to develop a sound system for campaign finance oversight and the regulation was extremely weak before 2011 (IDEA, 2012). This both created corruption risks and resulted in an uneven playing field, in which it was common for the ruling

party's campaign spending to be considerably higher than the combined spending of all opposition parties (TI Georgia, 2011a).

Tighter regulations were introduced and corporate donations were banned altogether before the 2012 parliamentary elections but, rather than preventing corruption, these measures were primarily aimed at preserving the ruling party's dominance in terms of campaign resources. As a result, instead of addressing corruption risks, the new regulations were mostly used to intimidate and prosecute opposition activists and supporters (OSCE, 2012). Meanwhile, there were multiple cases during the 2012 election campaign where donations to election contestants appeared to have been made by legal entities that used individuals to bypass the formal ban on corporation contributions (TI Georgia, 2012d).

Based on the data on directly awarded contracts that became available in mid-2013, TI Georgia has identified multiple cases where companies or representatives of companies that were awarded government contracts made large donations to the ruling party, and in a number of cases there are strong indications that these donations constituted kickback payments.

The new government has since initiated a reform of the party finance framework. The system of party/campaign finance provides for parties to regularly disclose every single donation they receive, including the name and identification number of the donor, which is then published online by the State Audit Office. Similarly, parties have to report their expenditures, which are then posted online (IDEA, 2012). The problem, however, is in the limited capacity or willingness of the State Audit Office to independently investigate and verify parties' full compliance with reporting requirements or to sanction those who under-report their donations and/or expenditures (TI Georgia, 2013d).

### *Organised crime and money laundering*

Georgia is not a significant regional financial centre. According to Georgian authorities, most criminal proceeds laundered in Georgia come from domestic criminal activity such as tax evasion or financial

<sup>3</sup> While this financing scheme appears to have been widely used in elections between 2010 and 2012, TI Georgia did not find indications of systematic kickback payments around the 2013 presidential elections.

fraud. Domestic statistics also suggest the existence of illicit proceeds from drug trafficking and corruption (US Department of State, 2013a).

Georgia's geographic location makes it a transit and destination country for illicit drugs produced abroad. The most important trafficking route runs from Afghanistan and Iran through Georgia, all the way to Western Europe, Turkey and Russia. Analysts also identify domestic production and consumption of amphetamine-type stimulants as a health and security issue (US Department of State, 2013b).

Georgia is a source, transit and destination country for women, men and children subjected to human trafficking and forced labour. Georgian women and girls are subjected to trafficking for sexual exploitation within the country as well as in Turkey and the United Arab Emirates. Persons subjected to trafficking for forced labour are mostly sent to Russia and Turkey (US Department of State, 2013c).

## Sectors vulnerable to corruption

### *Public finance and procurement*

Georgia has an extremely transparent system of electronic procurement. However, as a result of exceptions and loopholes in the law, a significant number of government contracts are still awarded without competitive bidding: in 2012, 45 per cent (in terms of value) of all government contracts were directly given to companies without a public tendering process (TI Georgia, 2013b).

The internal audit units of Georgian public agencies tend to be weak, resulting in a situation where the oversight of public spending is inadequate (TI Georgia, 2011a). Moreover, a number of public institutions (including the Ministry of Defence and the Ministry of Internal Affairs) as well as a number of municipal government bodies, are yet to establish internal audit units.

A number of 'reserve funds' and special funds have operated without proper accountability. For instance, there were multiple cases of suspicious or unreasonable spending from the president's and the government's reserve funds (Georgian Young Lawyers' Association, 2012a), while the Tbilisi City

Hall channelled public money allocated for the renovation of the city's old districts to a fund that was established specifically for this project and did not make its financial reports public (Georgian Young Lawyers' Association, 2012b).

TI Georgia has found that directly awarded government contracts were at times awarded to companies owned by public officials or their spouses under the United National Movement-led government (TI Georgia, forthcoming). A provision in the procurement law allows a government entity to directly award a contract to a company (under so-called simplified procurement rules) if this is sanctioned by a government decree – this loophole has been abused in the past to award non-competitive contracts to hand-picked companies, often for construction work.

Public agencies continue to arbitrarily issue bonuses (the annual size of which has, at times, exceeded that of fixed salaries) to their staff, including high-ranking officials. A 2013 study by the Georgian Young Lawyers' Association found that the majority of public agencies did not have clear rules and procedures for awarding bonuses, while the share of bonuses in the total remuneration paid to public officials and civil servants was above the average figure for developed countries (Georgian Young Lawyers' Association, 2013).

### *Regulatory bodies*

There are two principal sources of corruption risks in Georgia's regulatory bodies. The government's influence on the regulatory bodies and their resulting lack of independence creates a situation where regulators can easily be used to promote the ruling party's political agenda (Bertelsmann Foundation, 2012).

For example, the Georgian National Communications Commission has repeatedly been accused of selective enforcement of regulations (IREX, 2013). The commission allegedly used its power of awarding and denying broadcast licences as a tool of political pressure, and also repeatedly failed to enforce the legal provision that prohibits government institutions

from holding broadcast licences or sponsoring media entities (TI Georgia, 2011a; Freedom House, 2013b).

There is a risk of regulatory capture arising from the practice of 'revolving door' between the regulatory bodies and the private companies whose operations they are supposed to oversee. There have been some worrying signs of this in recent years (see for example: TI Georgia, 2012c).

### *Local governments*

The 1995 constitution provided for the independence of local governments, but these provisions remained declaratory norms rather than legal obligations. Amendments were adopted in 2010, increasing the independence of local governments by granting them more significant financial guarantees. The funding provided to individual regions is, however, unequal in per capita calculations (Freedom House, 2013a).

Transparency and accountability mechanisms in Georgia's local government bodies are considerably weaker than those at the national level. For example, the majority of city and municipal council members are exempt from the integrity regulations established for public officials. They are essentially volunteers, who do not receive public salaries and are free to engage in private business, while not being required to publicly disclose their assets and business connections (TI Georgia, 2011a).

## 2. ANTI-CORRUPTION EFFORTS IN GEORGIA

### Overview

The 2011 National Integrity System Assessment by TI Georgia found that, while the reforms implemented since 2004 had resulted in the establishment of a strong and efficient executive branch (including law enforcement agencies) and impressive achievements in fighting certain types of corruption (such as petty bribery), the weakness of all key institutions responsible for government oversight had created a situation where powerful officials and agencies of the executive branch were able to operate with very low levels of accountability and transparency. In addition,

experts find that the media continues to play a limited role in the prevention of corruption because of the failure of leading media outlets to devote any resources to investigative journalism.

According to TI Georgia, there has been a persistent lack of a single conceptual and institutional framework for anti-corruption policy. While Georgia did adopt an anti-corruption strategy and a corresponding action plan in 2010, these were not based on a comprehensive analysis of the existing challenges. Moreover, the Anti-Corruption Council (established in late 2008) has failed to properly monitor and evaluate the action plan's implementation (Open Society Georgia Foundation, 2013).

The new government (which came to power after the October 2012 parliamentary elections) committed to address many of these problems, although effective reforms toward these ends are yet to be implemented.

### The legal framework

#### *International instruments*

Georgia is a state party to the United Nations Convention against Corruption (UNCAC) since November 2008, and is part of the '2d' group of countries reviewed in the framework of the Implementation Review Mechanism. The country authorised the United Nations Office on Drugs and Crime (UNODC) to publish its full country report (available [here](http://www.unodc.org/unodc/treaties/CAC/country-profile/profiles/GEO.html): <http://www.unodc.org/unodc/treaties/CAC/country-profile/profiles/GEO.html>). Since 2000, Georgia is also a party to the United Nations Convention against Transnational Organized Crime (UNTOC), as well as to its protocols on human trafficking and smuggling of migrants. Georgia is also, since 1998, a state party to the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988.

Georgia ratified the Council of Europe Civil and Criminal Law Conventions on Corruption respectively in 2003 and in 2008.

### *National laws and regulations*

Different types of corruption are criminalised under the Georgian Criminal Code, including attempted corruption, active and passive bribery, bribing a foreign official as well as money laundering. A special chapter of the code devoted to malfeasance in office establishes sanctions for abuse and excess of power, illegal participation in commercial activity, active and passive bribery, trading in influence, and acceptance of prohibited gifts (Articles 332-342, Georgian Criminal Code, 22 July 1999).

The Law on Public Service establishes general rules for employees of the country's public institutions. While regulating recruitment in the public service, as well as the rights and responsibilities of civil servants, the law also includes a number of important anti-corruption and integrity provisions. It establishes post-employment restrictions and restrictions on the involvement of public servants in commercial activities. The Law on Public Service also includes a special chapter on ethics rules for public servants, which regulates conflict of interest and gifts (Articles 60-65, 731-735, Georgian Law on Public Service, 31 October 1997).

The Law on Conflict of Interest and Corruption in Public Service applies to a narrow circle of approximately 4,000 higher-ranking members of public service (including the president, members of Parliament, ministers and deputy ministers, and heads and deputy heads of other government agencies and departments). The law establishes restrictions on the involvement of these officials in private business and requires them to file annual asset declarations. The law also includes a special chapter on whistleblower protection (Georgian Law on Conflict of Interest and Corruption in Public Service, 17 October 1997).

Georgia has strong legal provisions on access to public information. The General Administrative Code contains a special chapter on freedom of information which establishes citizens' right to request public information and requires public bodies to provide such information either immediately or within a

maximum of 10 days of receiving a request (chapter III, General Administrative Code of Georgia, 25 June 1999). In summer 2013, the central government started to accept electronically submitted public information requests.

The 2011 National Integrity System Assessment by TI Georgia identified significant gaps between Georgia's legal framework and the application of the relevant provisions, and concluded that the existing provisions are not always applied effectively in practice. It is not always clear which body is responsible for the application of different anti-corruption regulations and there are no effective monitoring mechanisms (TI Georgia, 2011a).

### **The institutional framework**

#### *Anti-Corruption Council*

The Interagency Council for Combating Corruption was established in late 2008 through a presidential decree. Its status was subsequently reinforced through a special provision in the Law on Conflict of Interest and Corruption, whereby the council is responsible for coordinating the fight against corruption, as well as preparing the anti-corruption strategy and action plan and monitoring their implementation. The council has no other responsibilities or powers (for example, investigation).

The council is made up of representatives of different government agencies, civil society organisations and business associations. It meets irregularly and has no dedicated staff (TI Georgia, 2011a). The Ministry of Justice's Analytical Department also acts as the Anti-Corruption Council's secretariat and does the bulk of its work. However, since the department has other responsibilities inside the Justice Ministry and a relatively small staff, its effectiveness is questionable. For example, the council has failed to conduct adequate monitoring of the anti-corruption action plan's implementation and to publish relevant reports regularly (Open Society Georgia Foundation, 2013). The council began working on a new action plan for 2014-2016 in early 2013, but little progress has been made so far.

### *Law enforcement agencies*

The Internal Affairs Ministry and the Chief Prosecutor's Office are Georgia's principal law enforcement institutions. The Internal Affairs Ministry has an Anti-Corruption Department (established in December 2012) which is responsible for combating corruption and malfeasance in office, prevention and detection of conflict of interest and corruption in public service, and application of "preventive and repressive measures" against individuals involved in corruption (chapter IV, Charter of the Internal Affairs Ministry, approved through a decree by the president of Georgia, 27 December 2004).

Within the Chief Prosecutor's Office, the Investigation Department is responsible for the investigation of corruption-related criminal offences (Charter of the Chief Prosecutor's Office of Georgia, approved through an order by the Georgian minister of justice, 19 July 2013).

The capacity of Georgia's law enforcement bodies has increased considerably since 2004 and their operation has improved accordingly, resulting in, among other things, their successful efforts to reduce petty corruption and bribery in public administration. The 2011 National Integrity System Assessment by TI Georgia ranked law enforcement agencies among the country's strongest institutions.

However, according to the same study, low levels of transparency and accountability have created significant risks of abuse within these agencies, while their lack of independence from the political leadership has undermined their ability to investigate potential cases of corruption at the highest levels of government (TI Georgia, 2011a).

Two areas in which TI Georgia has documented continuing misuse of power by the Ministry of Internal Affairs is the unchecked, systematic monitoring and surveillance of all electronic communication in Georgia, whereby the Ministry of Internal Affairs has full, real-time access to all metadata and the content of communication (Transparency International, 2013a). The Ministry of Internal Affairs also appears to have continued and possibly expanded the illegal

practice of placing its officers in independent government agencies, including the Georgian Public Broadcaster and the Georgian National Communications Commission (TI Georgia, 2013a).

### *Judiciary*

The judiciary's weakness and lack of independence have undermined its ability to check the executive power and ensure its accountability in recent years (Bertelsmann Foundation, 2012). The executive branch (especially the Prosecutor's Office) enjoyed strong influence over judicial decisions, resulting in an extremely high conviction rate prior to 2013 (Freedom House, 2013). The country's political leadership was also able to secure favourable outcomes in court cases in which it had a stake (TI Georgia, 2011a). As a result, while bribery is rare among Georgian judges, there is still a widespread perception of a lack of integrity in the judiciary. In the 2013 Global Corruption Barometer survey, 51 per cent of Georgian respondents described the judiciary as corrupt or extremely corrupt (Transparency International, 2013b).

The influence of the Prosecutor's Office over the judiciary appears to have weakened since the change of government following the October 2012 parliamentary elections. Both the acquittal rate and the number of cases where the motions by prosecutors were denied have increased (Georgian Young Lawyers' Association, 2013). It remains to be seen, however, whether the judiciary will be able to act as a stronger check on the executive branch in the long run.

### *Supreme audit institution*

The State Audit Office (SAO) has the mandate to review spending of public funds by government agencies and can therefore play an important role in preventing and detecting corruption.

The SAO has suffered from a lack of resources, most notably in terms of the ability of its auditors to conduct the more complex types of audits, and has failed to become sufficiently independent from the country's political leadership (TI Georgia, 2011a).

The latter's influence over the SAO was particularly evident in the months preceding the October 2012 parliamentary elections, when the SAO failed to enforce campaign finance rules in an independent and unbiased manner, and mainly targeted the opposition parties (OSCE, 2012). The doubts concerning the SAO's independence were further reinforced by the fact that both its head and deputy head resigned shortly before the elections and stood as the ruling party's candidates for parliamentary seats.

Given the political leadership's strong influence over the SAO, the agency was perceived as highly unlikely to conduct **serious and independent** audits in powerful government agencies (TI Georgia, 2011a). For example, the SAO never conducted a comprehensive audit of the Defence Ministry, despite the latter's being among the top spenders of budget money in Georgia (Kukava, 2013). The current head of the SAO has no apparent links with the new government and ruling coalition.

It is too early at this point to draw any conclusions as to whether the institution has, in fact, become more independent. However, according to TI Georgia, the SAO has maintained a very low profile since the change of government, and has often focused on investigating the conduct of government agencies under the previous government, including the Ministries of Internal Affairs and Defence.

### *Civil Service Bureau*

The Civil Service Bureau (CSB) is responsible for developing and coordinating uniform policies of public service management, as well as for collecting and reviewing asset declarations of public officials.

According to TI Georgia, the CSB has done an impressive job in developing and improving the system of asset disclosure. The asset declarations of Georgian officials are currently available for public scrutiny on a special website ([www.declaration.gov.ge](http://www.declaration.gov.ge)). The declarations are posted in an accessible file format and the website also has a search engine that allows users to search the content of the declarations. On the negative side,

the CSB does not presently conduct proactive monitoring/verification of the content of asset declarations.

Overall, given the extensive scope of declarations, Georgia has currently one of the best solutions worldwide.

### *State Procurement and Competition Agency*

The State Procurement and Competition Agency coordinates and monitors the contracting conducted by public institutions. The agency currently runs a transparent system of public procurement where tendering is done electronically through a special website (<https://tenders.procurement.gov.ge>), and interested individuals and organisations can observe all the main stages of the process. All documentation and contracts are posted on the same website, and its users can also use a search engine to find tenders by procuring agency, by supplier, or by the type of product or service procured.

In spring 2013, Georgia started publishing all directly awarded government contracts and receipts for all small purchases online; the only contracts that appear not to have been published are those classified for national security purposes, and contracts issued by certain government funds and state-owned companies that are exempted from following public procurement rules (such as the government's and the president's reserve funds or the state-owned Georgian Railways).

Anybody is able to file an online appeal during the electronic tendering process and stop a procurement process if a violation of the law is detected. A dispute resolution board (of which TI Georgia is a member) then reviews the appeal within 10 days and decides on how to proceed. The appeals and decisions, as well as a blacklist of companies banned from participating in public procurement and a whitelist of companies that enjoy a privileged position, are accessible online. Furthermore, government entities have to publish their planned spending for the calendar year on the e-procurement platform.

Meanwhile, the agency's competition department is

not functioning at present because of the government's failure to finalise the on-going reform of competition policy and the relevant legal framework. The competition agency has an important anti-corruption role since, among other things, it is responsible for preventing private companies from gaining unfair advantage in the market through political connections. The lack of an effective competition authority is therefore a major gap in Georgia's current anti-corruption arrangements.

## Other relevant stakeholders

### *Civil society*

Civil society has an important anti-corruption role because of its continuous monitoring of government institutions. By law, freedom of assembly is granted in Georgia. However, amendments to the Law on Assembly and Manifestations adopted in 2009 restrict the right to assemble in front of official buildings and make it burdensome to gain authorisation to demonstrate. Several cases have demonstrated the negative impact of these amendments on the right to freedom of assembly (Human Rights House Network, 2011).

There are a number of strong civil society organisations in Georgia that are endorsing transparency and accountability in governance and have, on a few occasions, successfully advocated for policy changes and reforms. Before the 2012 parliamentary elections, a coalition of civil society organisations successfully advocated for improvements in campaign finance law as well as legislative amendments that provided voters with access to a more diverse media content (Freedom House, 2013). Georgian civil society organisations have also been continuously involved in monitoring Georgia's fulfilment of its international anti-corruption commitments, including those undertaken within the framework of the UNCAC, the OECD Anti-Corruption Network Istanbul Action Plan, the Council of Europe's Group of Countries Against Corruption (GRECO), and the Open Government Partnership (OGP).

At the same time, civil society remains poorly funded and vulnerable to politicisation throughout most of the country (Freedom House, 2013a). Also, Georgian

civil society organisations are almost entirely dependent on foreign donor funding and there are no local sources to sustain them (TI Georgia, 2011a).

### *Media*

According to Freedom House, Georgia has the most progressive media legislation in the region.

Media can play an important role in anti-corruption efforts by ensuring accountability of politicians and exposing corruption through investigative journalism.

Prior to the 2012 parliamentary elections, the government exercised indirect control over the country's three television stations with nationwide coverage (by appointing government sympathisers to the Georgian Public Broadcaster's board and by ensuring the takeover of the two leading private television stations by government-friendly businessmen). The government's influence undermined the ability of these media entities to report independently and impartially on politics in general and corruption in particular. While a number of independent journalist groups conducted commendable investigative work, the country's most influential media outlets (including the Public Broadcaster) have not devoted their airtime to investigative programmes in recent years (TI Georgia, 2011a).

The television landscape has become somewhat more diverse since the 2012 parliamentary elections (IREX, 2013), as political funding to media outlets from both the current government and the opposition has decreased significantly. However, investigative programmes are still absent from the main television channels. The media continues to play a very limited role in exposing corruption in Georgia and in holding companies or the government accountable on any level.

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