



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

ORGANISATION DE COOPÉRATION ET
DE DÉVELOPPEMENT ÉCONOMIQUES

Anti-Corruption Network for Eastern Europe and Central Asia

Istanbul Anti-Corruption Action Plan

Second Round of Monitoring

Georgia

Progress Report

Report is presented by Georgia at the 10th Monitoring Meeting on 28-30 September 2011.

PROGRESS REPORT

GEORGIA

Government of Georgia strives to maintain and enhance efforts to fight corruption through inclusive, participatory process in line with policy objectives set out in the Strategy and Action Plan and in accordance with the recommendations of international organizations. Recent years have been remarkable with the adoption of anti-corruption policy documents National Anti-Corruption Strategy and a comprehensive Action Plan, specifically tackling corruption sensitive areas, as well as the implementation of measures to prevent corruption. In 2010, e-procurement, online asset declarations, e-budgeting, e-treasury and e-auction were introduced. In addition, privatization reform was carried out, licensing processes were enhanced and simplified, new Tax Code was adopted and institute of Business Ombudsman was introduced. In 2011, Public Service Halls – unique institutions for unimpeded, corruption-free and efficient services for citizens – were opened in Batumi and Rustavi.

Legislative Developments

Criminal Code of Georgia

Amendments have been elaborated to the Criminal Code of Georgia in line with recommendation 2.3 to expand the subjects of bribery offences and bring legislation in compliance with international standards. According to the amendments subjects of bribery offences extended over members and personnel (staff members) of ad hoc commissions of the Parliament, electoral subjects (natural persons), as well as foreign arbitrators and jurors, who exercise their functions based on the legislation of foreign state. In addition, double criminality requirement for the offences committed abroad by Georgian nationals have been abolished and jurisdiction expanded over the citizens of foreign State who exercise public authority for Georgia and who commit the crime on the territory of a foreign State.

According to the draft amendments, requirements for release of person from criminal responsibility in case of bribery offences have been enhanced as well. Under amendments, a person will be released from criminal responsibility if he/she was extorted of his/her property and he/she voluntarily reported to the agency conducting criminal proceedings, before this body became aware of this act independently.

The mentioned Amendments will be submitted to the Parliament of Georgia by the end of September 2011.

Law of Georgia on Public Service

Amendments to the Law of Georgia on Public Service have been elaborated by the Civil Service Bureau of Georgia implying mandatory training on corruption related issues for new civil servants. These amendments upon entry into force will be important legislative basis for raising awareness on corruption risks of newly recruited staff and subsequently for prevention of corruption in public sector.

In addition amendments to the Public Service Law include: (i) Introduction of New Chapter on Code of Conduct for public officials based on the Model Code of Conduct for public officials of the Committee of Ministers of the Council of Europe; (ii) Introduction of obligation of all public servants to report to their supervisor any evidence or grounded suspicion of illegal activity, including corruption, as well as to report to law enforcement bodies in cases where the supervisor does not adequately respond to the information submitted or where a public servant does not have a supervisor.

New Tax Code of Georgia

In January 2011 New Tax Code of Georgia entered into force. Purpose of the New Tax Code is to harmonize the Georgian law with the best international tax practices and EU directives. The new Tax Code foresees simplified provisions, clearly established rules and double interpretation possibilities are significantly minimized. New Tax Code of Georgia unifies the former tax and customs codes and contains number of important novelties. The novelties included creation of **Business Ombudsman** who is responsible for the protection of the rights and legal interests of tax-payers and enhances relationship between state and private sector.

National Anti-Corruption Strategy and Action Plan

Anti-Corruption Council has adopted 2010 and 2011 6 Months Reports on the Implementation of Anti-Corruption Action Plan. Reports contain detailed information of activities carried out under the Anti-Corruption Action Plan. Both Reports are available on the web-site of the Ministry of Justice of Georgia. In addition, Council decided to reflect GRECO III Evaluation Round Recommendations in Action Plan.

Reform of State Procurement System

The state procurement system has been reformed substantially by the end of 2010 in order to reduce the risk of corruption. As a result, the Unified Electronic System of State Procurement has been launched (www.procurement.gov.ge). All tenders are now conducted electronically. The e-procurement ensures reduced tender participation costs, efficient and transparent use of public funds, fair and unbiased evaluation process, easy access to all procurement related information and increased competition. According to the statistical data, from December 1, 2010 till 29 June 2011 17980 electronic tenders have been announced. Approximate value of procurement through electronic tenders constitutes 754 007 610GEL, with the electronic procurement 106 386 279 GEL was saved (14.11%).

Public Service Reform

Since the rose revolution public service in general was reformed substantially. As opposed to rampant favoritism, nepotism and corrupt agreements, personnel of the governmental agencies are now recruited on the basis of transparent competitions. New human resources management methodologies are being introduced gradually. Amendments to the legislation allow simplified recruitment in public sector. Competitions are announced electronically through the web-site of the Civil Service Bureau and timelines for the submission of applications as well as competition processes have been reduced.

Reform and development of the public service is one of the central priorities on the Georgian Government's agenda. Civil Service Bureau has identified main directions and sectoral development plans to further enhance the reform which is based on extensive research of international experience and practice, analysis of the existing situation, expert recommendations and political consultations.

Main objectives of the Civil Service Reform are:

- Elaboration of flexible legislation;
- Establishment of proper institutional mechanisms and promotion of effective Human Resources Management systems and practices;
- Launching of electronic governance projects;
- Preservation of fundamental principles of accountability, integrity and transparency.

Online Asset Declarations System

As a part of the anti-corruption reform of the Government, Unified Online Asset Declaration System (www.declaration.ge) of public officials was launched in 2010. As a result, currently, public officials fill out declarations electronically, while citizens have an opportunity to look through this information online. It is notable that online asset declaration system is only implemented by only few countries across the world.

Reform of Administrative Services

All bureaucratic barriers for speedy and efficient administrative services have been removed. One-stop-shop principle has been introduced and widely implemented. This change made services simple, consumer-oriented, time-efficient, corruption-free and valuable.

Simplified procedures for business and property registration, issuance of passport, provision of services of notary to the public are particularly remarkable.

Public Service Halls

In 2011, Batumi and Rustavi Public Service Halls were opened. Public Service Hall is a unique concept of public service delivery implying conceptual unification of services of different state agencies under single premise. These agencies include: Civil Registry Agency, National Agency of Public Registry, National Archives of Georgia, National Bureau of Enforcement, Notary Chamber of Georgia, Addition of Legislative Gazette and Statute Book of Georgia. This new concept eliminates the risks of corruption in service delivery area which used to be one of the most corrupt in Georgian government. Public Service Halls are based on "cross-enterprise one-stop-shop" principle and ensure simplified access to services by public. It is planned to open Public Service Halls in Kutaisi and Mestia and eventually in Tbilisi.

Public Awareness Raising

In 2010-2011 The Government of Georgia paid great attention to transparency of the reforms undertaken and increasing public awareness. Information about the initiatives and developments in anti-corruption area is available to public through different means of media sources on a regular basis.

This includes for example, information on prosecution of public officials for corruption related offences, sessions of Anti-Corruption Council etc.

Detailed information on anti-corruption policy of the country as well information on Anti-Corruption Council, its sessions etc., is available on the web-site of the Ministry of Justice of Georgia. The n web-page is updated on a regular basis to reflect all relevant developments and measures implemented in this respect. Minutes of the Anti-Corruption Council, reports adopted, National Anti-Corruption Strategy and Action Plan as well as other relevant documents are available through this web-site. Additionally, local councils operating under Criminal Justice Reform Council, ensure delivery of information to the public periodically through presentations on reforms and challenges, among them in anti-corruption area.

Training Activities

The Government of Georgia attached great importance to building integrity in the public sector and conducting trainings for civil and public sector servants on anti-corruption measures. To this end training was carried out in May 2011 on ***giving access to public information for the officials of different governmental agencies***, designated to respond to requests of information. Representatives of all relevant ministries and agencies participated in the training. The training discussed legal provisions regulating free access to information, procedures and practices related to the response to information requests were discussed; it also focused on the development of common practice in respect of response to information requests, as well as issues related to proactive publication of public information, establishment of public information register and its implementation.

Another set of trainings has been conducted for the public servants of Georgia on the subject of ***Building Integrity in cooperation with the NATO PDP*** throughout the year. Since the operation of the program, in total 14 Georgian public servants have participated in these trainings and courses. They mainly dealt with the corruption reducing strategies and establishment of integrity in the public sector, including military system. The main topics discussed were: Corruption and Integrity; Rule of law; Personal Conduct; Public Financial management and Corruption.

In addition, the training on ***“Enhancing the Ability of Revenue Service Officers to Detect Corruption Offences”*** was conducted in November 2010. The Training was provided by the Council of Europe jointly with Revenue Service of Georgia for employees of the Revenue Service of Georgia. The purpose of the training was to assist Georgia in making its tax examiners aware of various bribery techniques used, as well as giving them the tools to detect and identify bribes of foreign public officials and bribes to public officials in the domestic context.

International Rankings

Georgia’s successful policy towards eradicating corruption has been confirmed by leading international organizations surveys such as the Transparency International (TI) Global Corruption Barometer Survey.

According to the ***Global Corruption Barometer Survey*** by Transparency International:

- In the past 12 months, only 3 % of Georgians surveyed had to pay a bribe, one of the lowest numbers amongst all countries surveyed.
- Georgia has the highest rate by 78 % of respondents surveyed stating that corruption has “decreased a lot” or “decreased” in the past three years.
- Only 9 % of respondents surveyed said corruption had increased in the past 3 years in Georgia - the lowest number of all countries surveyed.
- 77 % of the respondents state that the Georgian Government has been “effective” or “extremely effective” in fighting corruption - the highest rate of all countries surveyed.

The European Bank for Reconstruction and Development (the EBRD) in collaboration with the World Bank has carried out a major survey of households and individuals across the central-eastern Europe and Baltic States, south-eastern Europe, the Commonwealth of Independent States and Mongolia. *The Life in Transition survey II*¹ (first survey was conducted in 2006) conducted in late 2010, surveyed almost 39,000 households in 34 countries to assess public attitudes, well-being and the impacts of economic and political change. The Survey provides vivid evidence of precisely how lives have been affected by the global economic crisis and its aftermath.

The recent dynamic of falling corruption is particularly pronounced – 78 % of Georgians state that corruption has fallen in the last four years - the highest number among all surveyed countries. Only 9 % believe that it has increased – a difference of 69 %. Respondents in Georgia are the least inclined in the transition region to believe that bribes are used in dealings with public sector institutions. Moreover, the corruption perception in Georgia is comparable to the western European comparator average. As in the other transition countries, the incidence of irregular payments remains more common in the public health sector, although even in this sector the prevalence of bribery is extremely low by regional standards.

Georgia was recognized as the *number-one reformer* for the last 5 years in the world in 2010. In the index of business attractiveness Georgia has jumped an extraordinary 111 places in four years - from 112th to 11th in the world. The administrative burden on businesses as well as economic incentives for corruption was effectively reduced. Georgia has been recently ranked 12th in *Doing Business Rankings* of 2010, gaining five points overall in comparison with rankings for 2009; in particular, Georgia is rated 5th in the world for ease of starting business, right behind the top ranking economies such as New Zealand, Canada, Australia and Singapore.

Surveys and Figures

Eradicating corruption in the public sector continues to be a priority. According to the statistical data, in 2010: (i) investigation was initiated on 146 cases of passive bribery, 43 cases of active bribery, 7 cases of

¹ Life in Transition, after the crisis, EBRD, June 2011

trading in influence and 32 cases of commercial bribery; (ii) 149 persons were prosecuted for passive bribery, 87 persons - for active bribery, 3 persons - for trading in influence and 4 persons - for commercial bribery; (iii) 117 persons were convicted for passive bribery, 67 persons - for active bribery, 3 persons for - trading in influence and 7 persons - for commercial bribery.

Georgian Crime and Security Survey² showed unprecedented results in terms of corruption reduction in Georgia over the last 5 years - corruption is no longer problematic for the citizens of Georgia. Only 2.2% (66 out of 3000) of the surveyed citizens indicated corruption as the first choice of the most problematic crime; only 2.9% (83 out of 3000) evaluates corruption as the second most problematic crime.

² Georgia Crime and Security Survey, 2011. GORBI (Georgian Opinion Research Business International) Tbilisi, Georgia.