



**ACN**

**Anti-Corruption Network for Eastern Europe and Central Asia**

Anti-Corruption Division  
Directorate for Financial and Enterprise Affairs  
Organisation for Economic Co-operation and Development (OECD)  
2, rue André-Pascal, 75775 Paris Cedex 16, France  
Phone: +33(0)1 45249964, Fax: +33(0)1 44306307  
E-mail: [anti-corruption.contact@oecd.org](mailto:anti-corruption.contact@oecd.org)  
Website: [www.oecd.org/corruption/acn](http://www.oecd.org/corruption/acn)

## **The Istanbul Anti-Corruption Action Plan**

### **Second Round of Monitoring**

**GEORGIA**

**Report on main anti-corruption measures and detection and prevention of corruption crimes**

## Country Update Report – 2010

### Georgia

Fight against corruption constitutes one of the main priorities of the Government of Georgia. In 2010 important steps were undertaken in this respect. Measures implemented include adoption of National Anti-Corruption Strategy and new National Action Plan for its implementation, institution building, legislative developments as well as corruption prevention efforts.

#### **Anticorruption Strategy and Action Plan**

On 3 June 2010 the President of Georgia adopted Decree № 376 on Approval of Georgian National Anti-corruption Strategy (hereinafter “The Strategy”). Being a policy document, the Strategy outlines priority areas in fight against corruption, provides situation analysis in areas concerned and sets specific objectives to be achieved. It focuses on six priority areas for the current anti-corruption efforts of the Georgian Government. In particular, efficient and corruption-free public sector; competitive and corruption-free private sector; improvement of justice administration; improvement of anti-corruption legislation; prevention of corruption and improved mechanism for financing of political parties.

The new National Action Plan for implementation of Anti-Corruption Strategy (hereinafter “The Action Plan”) drafted with the participation of experts, NGOs and international organizations and endorsed by Anti-Corruption Interagency Coordination Council was approved by the Decree №735 of President of Georgia dated 14 September 2010. The time period for implementation of Action Plan is 2010-2013. The Action Plan comprises following elements: purpose, result, activity, responsible institution, implementation period, indicator, risks as well as assumptions. Purposes of the Action Plan are in line with the priority areas foreseen by the Strategy. In particular, emphasis is made on the following objectives:

1. Modernization of Public Service;
2. Development of Public and Administrative Service;
3. Development of State Procurement;
4. Reform of Public Finance System;
5. Development of Tax and Customs Systems;
6. Competitive and Corruption-Free Private Sector;
7. Enhancing Justice Administration;
8. Interagency Coordination for Prevention of Corruption;
9. Improved System of Political Party Financing; Prevention of Political Corruption.

It is notable that the Action Plan includes most of the recommendations of GRECO and OECD. Further, it is planned to elaborate detailed Monitoring Tools with the specific targets and indicators for each year with the aim of effective monitoring of the implementation of Action Plan.

### **Strengthening Institutional Capacity and Legal Basis of the Anti-Corruption Interagency Council:**

In 2010, amendments to the Law on Conflicts of Interest and Corruption in Public Service entered into force to create a more solid and sustainable legislative basis for the Council's institutionalization. Till 2010, the existence of the Council and its operational conditions were defined by Presidential Decree. After the adoption of the draft legislation, all these are now direct regulation and requirements of the law. Additionally, in 2010 amendments to the Decree of President on "The Approval of the Members of Interagency Anti-Corruption Council and The Regulations of the Council" entered into force revising and enlarging membership of the Anti-Corruption Interagency Coordination Council in order to increase institutional capacity and flexibility of the above institution.

In addition, in line with Recommendation 1.6.1, under new Article 4<sup>1</sup> of the Council Regulation, the Council is now accountable to the Government and the President of Georgia. It is obliged to submit the annual report on its activities to mentioned bodies. In addition, its member state agencies are required to report to the Council regarding the progress made on the implementation of the Strategy and the Action Plan. The interagency character of the Council obviously implies close inter-institutional coordination in matters related to the fight against corruption.

### **Legislative Amendments:**

In line with the OECD recommendation 2.4, the amendment to the Criminal Code of Georgia was elaborated and is currently submitted to the Parliament of Georgia for adoption. Parliamentary procedure is now under way; the amendment was approved with the first hearing. Draft amendment foresees reduction of sentence for passive bribery. In particular, sanction for the simple passive bribery (Article 338 of Criminal Code Georgia) from deprivation of liberty from 6 to 9 years amended to the deprivation of liberty from 3 to 6 years term as it was recommended by OECD. In addition, minimum sanctions have been reduced for aggravated bribery.

**Note:** Please take into consideration that in OECD ACN Second Round of Monitoring Report, page 21 - the Chart gives the correct information regarding the minimum sentence for the crime of money laundering, however the analysis given below the same Chart (page 22) stipulates that the minimum sentence for money laundering is 6 years. According to the Article 194 (Legalization of Illegal Income) of the Criminal Code of Georgia the minimum sentence for money laundering is 3 years, as it is indicated on the Chart stated above.

## **Training Activities**

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. The training started with a complete overview of international legal instruments on combating bribery, in particular, the 1996 Recommendation on the Tax Deductibility of Bribes to Foreign Public Officials, the 1997 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the 2009 Recommendation on Tax Measures for Further Combating Bribery of FPO in International Business Transactions, the OECD - CoE Convention on Mutual Administrative Assistance in Tax Matters, which was signed recently by Georgia. The training sessions consisted of two main parts: the first part on the indicators of fraud and bribery while the second part focused on the “OECD Bribery Awareness Handbook for Tax examiners”. Indicators of fraud and bribery are notably: 1) methods of payment, 2) fictitious employees, 3) books and records, 4) conduct of the tax payer, 5) methods of concealment and the last on the international instruments of cooperation among tax authorities and especially on article 26 of the Model of Tax Convention OECD.

## **Bribery is no longer problematic offence in Georgia: result of Georgian Crime and Security Survey**

In 2010 Ministry of Justice initiated Georgian Crime and Security Survey. Study was designed according to the standardized surveys applied across the Europe. Representative sample of 3000 respondents was chosen for the study.

Georgian Crime and Security Survey showed unprecedented results in terms of corruption reduction in Georgia over the last 5 years.

As a part of Georgian Crime Survey (2010) questions regarding corruption were investigated. Respondents were asked to report if in the last five years, any national or local government official asked them or expected them to pay a bribe, for some services. 99,5% (2976) of surveyed population did not have a case of bribery during the last 5 years. Only 0,5% (14) individuals experienced it and only 0.07% (2) of them were victimized during 2009.

Survey has also revealed those crimes that are evaluated as most acute by the Georgian population nowadays. Only 2% (60 out of 3000) of the surveyed citizens indicated corruption as the first choice of the most problematic crime. Only 3,5% (100 out of 3000) evaluates corruption as the second most problematic crime, and 3,8% (106 out of 3000)– as the third most actual crime.

The figures above show that corruption is no longer problematic for the citizens of Georgia.

## **Important corruption cases**

### **Case # 1.**

**1** –Criminal investigation was initiated based on the new circumstances found while investigating another one.

**2** - Deputy Minister of Labor, Health and Social Affairs of Georgia illegally influenced on the outcome of the Public Procurement (Tender) for the benefit of another person. So he exceeded his official power by assisting the person to win the tender.

**3** – Prosecution started for the following crimes:

-“Exceeding Official Powers” – Article 333 of the Criminal Code of Georgia;

-“Passive Bribery” - Article 338 of the Criminal Code of Georgia;

-“Forgery” - Article 180 of the Criminal Code of Georgia;

-“Liability of Perpetrator and Accomplice” - Article 25 of the Criminal Code of Georgia;

**4** – Pretrial detention for 2 months was applied;

**5** – Court hearing has not started yet.

### **Case # 2.**

**1** – Based on the letter of Minister of Education and Science of Georgia, criminal investigation was launched.

**2**- Deputy Minister of Education and Science of Georgia illegally influenced on the outcome of the Public Procurement (Tender) for the benefit of another person. So he exceeded his official power by assisting the person to win the tender.

**3** – Prosecution started for the following crimes:

- “Abuse of Official Authority” – Article 332 of the Criminal Code of Georgia;

-“Passive Bribery” - Article 338 of the Criminal Code of Georgia;

**4** – Pretrial detention was applied;

**5** – Court hearing has not started yet.