

2.Elene Romelashvili

“The Role Of Information In Preventing Corruption In Local Privatization Process. Precautionary Measures Vs. Post Factum Punishment”

A detailed study of local government in Akhaltsikhe district revealed a very interesting case of corruption in privatization process. Below are given the details of the case:

CASE: A piece of state property, a complex of district’s oil reservoirs, has to be privatized in the near future. Local population needs this object to keep kerosene and other oil products, which they use for the heating during winter.

Local government knows that Ministry of Property Administration will soon announce tender on the complex of district’s oil reservoirs. Local government hopes to receive about 5000 GEL (\$2500) from the selling of the object. This would be very helpful addition to deficiency local budget. Local council hopes to finance repairs of two schools in the district with that money.

Mr. X, who lives in Tbilisi, is involved in the oil business and transportation of the oil products to Turkey. He is interested in buying the object himself. He knows that if he participates in the official tender, he will have to compete with a number of inhabitants of Akhaltsikhe district and may have to pay a large sum of money. Mr. X has a friend among the executive officials of Akhaltsikhe and he hopes that the friend will show him alternative ways of achieving his goal.

Mr. X discusses his business with his friend and receives the following information: When the tender is announced, information about the privatization object and the terms of competition will be published in the national newspaper “Mesakutre”. No more than 100 copies will reach Akhaltsikhe, thus Mr. X can easily meet the car with the newspapers in the morning and buy all copies. As population will not receive information about the tender, no proposals will enter the desk of Ministry of Property Administration. Then, according to the legislation, the privatization object will be sold from the zero auction, where Mr. X can buy it at any price he wants. However, they need to ensure that Mr. B in information service of the local government does not bother himself to check with regional department of the ministry if the tender has been announced until after the privatization object is sold.

Mr. X followed his friend’s advice and bought the oil reservoirs for just \$20. As the result local budget suffered \$2 000, schools were not repaired; information service officer received a round sum of money while executive official was invited to a nice dinner to celebrate with Mr. X the success of the operation.

This is the classical case of corruption with some very original elements. Information vacuum and lack of communication between different branches of government, media and NGOs ensured the success of the case. I have conducted the survey in Akhaltsikhe district to question different interest groups, local population and hear various opinions about the incident.

Survey: I found out that the case caused resentment and indignation of the population. Inhabitant of a small town “Akhaltsikhe” told me: “We have neither electricity nor gas in winter. There is very little wood in the region, not enough to heat our houses. The only fuel

available is kerosene. But the prices on the oil products go up in the winter; therefore we wanted to buy kerosene in advance and store it in the oil reservoirs. The state was going to sell them and we were waiting for the tender announcement. We could have easily collected the necessary sum if majority of inhabitants would make his/her contribution.”

I talked to the president of local TV company “Lomsia”. He noticed that his company can not spread the information about the work of privatization commissions unless local council pays them for the preparation of the telecast.

Local council reacted with the declaration that privatization is beyond the scope of local government, it is prerogative of the regional department of Ministry of Property Administration. Thus they are not obliged to allot money from the local budget to pay independent TV company for the purpose.

I interviewed the member of the very active local NGO “The Union of Democrat-Meskhs”, who told me that their organization was perturbed by the case of corruption and conducted through investigation. They were able to identify the executive official and information service officer, who accepted the bribe. They published the details of the case in their monthly bulletin, trying to draw public interest to the case. Some local authority trying to avoid much attention decided to dismiss information service officer, who was replaced by a mayor’s relative. The corrupt executive (friend) was transferred to other city and appointed to the higher post.

As we can see, the case caused a lot of damage. The reputation of local government suffered a lot. Their work proved to be inefficient, as they did not take necessary measures to ensure transparency and openness of privatization process, which resulted in the loss of 5000 GEL and failure to carry out the promise. Local government made no efforts to collaborate with media or NGOs to ensure availability of public information and by its negligence created a favorable ground for corruption.

Local media, in chase of its own financial interests, neglected public interests by refusing to disseminate public information and thus lost its function.

Active NGO did its best in finding the perpetrators and eliminating corruption in the region. It was praiseworthy effort but this investigation could neither retrieve the oil reservoirs to the district nor return the sums to the local budget. Some may argue that impunity promotes corruption germination and corrupt officials must always take just punishment, that may be true, but such tactics proves to be inefficient in reducing the overall level of corruption. We saw the example of my theory in the above-mentioned case, when mayor’s relative took the post of information service officer and executive official (who is not elected and is only accountable to his supervisor) just changed his working place. One can be pretty sure that in both cases corruption will effloresce.

In order to understand better the factors that led to this chaotic situation lets take a look at the background.

Background:

Akhaltsikhe is one of the most poorly developed multi-ethnic districts of Georgia. In Soviet times the district, which belonged to the border zone, was a closed territory. The fact

considerably slowed down the development of the district. Even now the consciousness of the population bears remains of the past. Current local government of Akhaltsikhe is formed from the former soviet nomenclature. Accordingly, as the old mentality has not changed, the district is still governed in the old style i.e. “decisions are made behind the closed doors”. Local council is under strong influence of local executives and can not be considered an independent political power. Members of local councils do not feel themselves responsible and accountable to the voters. Thus, the work of local government is far from being transparent and gives grounds to suspect corruption in both action and inaction of the governing body.

The third sector in the district is rather weak. There is only one relatively independent NGO. Other organizations are mainly founded by local officials and are oriented on grant hunting.

There are two “independent” TV companies in the district. But unfortunately both of them are under full control of local authorities. Journalists fear to confront powerful officials. The local newspaper, not frequent pleasure, is also influenced by the local government. Information vacuum is partly filled with the printed materials of the NGO “The Union of Democrat-Meskhs”, but their bulletin is published only once a month.

It is obvious that situation in the district is rather grave. The process of information dissemination is absolutely uncoordinated, due to the lack of collaboration between local council, media and NGOs. As local government has no political will to ensure availability of public information, corruption in the district germinates and blossoms.

Fighting corruption - Precautionary Measures Vs. Post Factum Punishment

Having done the thorough analysis of the district we can think of the ways of fighting corruption. One way was already tested by the local NGO and did not prove to be efficient. Another way is creation of such social and legislative environment that would be an obstacle for power abuse and that would make it possible to nip corrupt relationships in the bud. This method of fighting corruption is called – precautionary measures.

If the first method, reaction to the completed act of corruption, is the sole prerogative of the police and courts, the second method requires joint efforts of entire society – it is impossible to create the social environment that would eliminate contributory factors of corruption dissemination without diligence of every sector and every citizen.

Corruption in Georgia is part of the system and is ordinary event that happens in everyday life. According to the examination conducted by the World Bank last year, Georgia is in the fourth place by its level of corruption among the post-soviet countries. There is nothing strange in this, as majority of the state institutions in Georgia is sinking in the sea of corruption. Fighting corruption on the national level requires restructuring of all these institutions, which is the subject of decades. Much more can be done on the local level, where we have young, inexperienced, weak, but not corrupt yet, institution – local council. In order to confront corruption on the local level we require:

- A. Transparent local government
- B. Effective dissemination of public information
- C. Citizen participation in local decision-making process

Going back to our case, we can see that deplorable outcome was caused by the absence of the component B. What do we need to ensure this component? Independent media, active third sector and transparent local councils.

Taking a closer look at the district, we may notice that situation is not quite hopeless. There has been a desire and effort from the NGO to confront corruption. The organization is not well developed yet; it needs training on more efficient measures of fighting corruption.

There is relatively independent media in the district. It just has to think less about its own profitability and give priority to public interests.

Local council as an institution is not corrupt. Nothing can be done to change mentality of certain local officials, but new elections are not far off.

In order to maximize efficiency of information dissemination, local government, media and NGOs must develop a joint strategy and find the most effective methods for bringing public information to the citizens. Providing citizens with updated, timely information – is one of the key measures of preventing corruption.

Looking back at the complex background of Akhaltsikhe district, I can think of a few mechanisms to improve the situation.

Recommendations:

Raising civic education – Every citizen of Akhaltsikhe should know his/her rights, understand what it means to be a full-right member of civic society. This should be achieved with the help of NGOs and media.

Community Mobilization – Just providing theoretical knowledge would not be enough, if we don't promote mobilization of community around the problem of its interest. In the above case, population of the city was interested in purchasing the privatization object and was even ready to raise funds for the purpose but they failed to turn the desire into action.

Changing old mentality – Transparency and openness of local government cannot be achieved until soviet principles and old mentality is still alive. But when each citizen is competent to make the right choice, new elections will eliminate the obstacle.