

# **Building Integrity and Reducing Corruption in Defence**

**A Compendium of Best Practices**



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## Chapter 13

# Combating Defence-related Corruption in Countries with Unresolved Territorial Disputes or Frozen Conflicts

Unresolved territorial disputes and frozen conflicts can substantially increase corruption risks in their region. Prime examples are the unresolved territorial disputes over secession on the territory of the former Soviet Union: Nagorno-Karabakh in Azerbaijan, Transdnistria in Moldova and, until August 2008, Abkhazia and South Ossetia in Georgia. They also include situations like the conflict between Greek and Turkish communities in Cyprus and the India-Pakistan conflict over Kashmir.

Generally speaking, countries with frozen conflicts have high rates of corruption. Box 13.1 shows the ratings of some relevant countries on Transparency International's 2008 Corruption Perceptions Index. Unsolved territorial disputes and frozen conflicts clearly add a number of specific elements to the corruption equation yet their influence should not be exaggerated. The level of corruption in a given country is often more related to societal and economic factors than the existence of a frozen conflict. For example, the high levels of defence-related corruption that existed in Georgia before the 2003 Rose Revolution were more closely related to the state of financial ruin of Georgia's Ministry of Defence than the threat posed by the secessionist regions of Abkhazia and South Ossetia. Especially in the former Soviet space, one of the most corrupt regions in the world, it is hard to divorce "normal" corruption from corruption that is causally linked to the existence of unsolved territorial conflicts.

## **Frozen Conflicts as Drivers of Corruption Risk**

The principle factors that increase corruption risks for defence and security establishments in regions with unresolved territorial disputes and frozen conflicts are: increased military expenditures, reduced transparency, the creation of legal "grey zones" and the existence of unregulated paramilitary formations. This is frequently compounded by an ideology of "national survival" and high levels of public support for the military that can lead to tacit tolerance of corrupt activities as the price to pay for national security.

### Box 13.1. CPI and Percent of GDP for Defence in Selected Countries with Unresolved Territorial Disputes or Frozen Conflicts

Conflict	Country	CPI, 2009 (best = 10)	% GDP for Defence (world average= 2.2%)
Kashmir	India	3.4	2.5 2007
	Pakistan	2.4	3.1 2007
Nagorno-Karabakh	Azerbaijan	2.3	3.4 2006
	Armenia	2.7	3.0 2007
S. Ossetia / Abkhazia	Georgia	4.1	9.2 2007
	Russia	2.2	3.5 2007 (est.)
Transdniestria	Moldova	3.3	0.5 2007
Cyprus	Greece	3.8	3.3 2007
	Turkey	4.4	2.5 2007 (est.)
Darfur	Sudan	1.5	4.4 2006

Sources: TI Corruption Perceptions Index: [www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi); SIPRI Military Expenditure Database: <http://milexdata.sipri.org/>.

### Increased Spending

Frozen conflicts are characterized by competitiveness, mistrust and militarization, which make arms races the usual practice for each of the conflicting sides. For example, the conflict over the disputed territory of Kashmir has helped drive India to be the second largest importer of arms in the world, Pakistan to allocate the largest portion of its state budget to defence and both countries to develop nuclear arsenals. Territorial disputes regarding Abkhazia and South Ossetia (both supported by Russia) have driven Georgia to increase its defence budget from 42 million Lari (20 million US dollars) in 2003 to 1.4 billion Lari (830 million US dollars) in 2007, giving it one of the largest proportions of state budget allocated to defence in the world (9.2% of GDP in 2007, according to SIPRI).<sup>1</sup> Whilst this has been presented to the international community as necessary for the implementation of reforms related to NATO integration, to domestic audiences Georgian officials have often cited the existence of frozen conflicts as an argument for a high military budget. The two other South Caucasian countries—Armenia and Azerbaijan—faced with the unresolved territorial dispute in Nagorno-Karabakh, have also paid special attention to military preparations and significantly increased defence spending. Box 13.1 shows that almost all the previously mentioned countries

<sup>1</sup> SIPRI Military Expenditure Database: <http://milexdata.sipri.org/>.

with frozen conflicts spend a significantly greater proportion of GDP on defence than the weighted world average (of 2.2% GDP).

This increased spending substantially increases the opportunity for corruption, particularly where fears of renewed conflict overshadow the case for transparency. It may also tend to shift patterns of corruption away from low-level, need-driven corruption to high-level, greed-driven corruption.

### Reduced Transparency

In addition to driving increased budgets, the militarized situation surrounding frozen conflicts tends to reduce transparency in defence institutions, justified in terms of the security threat that faces the country from secessionist regions. Myriad expenses, from combat operations to construction and procurement, can be closed to scrutiny due to national security reasons. For example, former Georgian Defence Minister Irakli Okruashvili proudly stated that he “closed off the Ministry of Defence” because many officials “do not work for their country but for another state” in a period when “two uncontrolled armies” are stationed in Georgian territory.<sup>2</sup> Over-classification, under the pretext of “enemies behind the ceasefire line” also reduces the effectiveness of external oversight, like parliamentary committees and audit chambers, as well as hampering public oversight through civil society institutions. The political climate and regulations in countries with territorial disputes or frozen conflicts can also help corrupt elites control media and other information resources under the pretext of preventing the enemy’s ideological sabotage and information wars.

### Legal Vacuum

Transparency and accountability are further depredated by the existence of secessionist enclaves, which are black holes in the international system, without international recognition and not bound by international law. Frequently, secessionist sides in a frozen conflict are able to establish (usually in a “hot” phase of the conflict) and maintain (in the “frozen” phase) de facto independent territories, often with military, financial and information support from a large regional patron. Without formal relations, but with the need nonetheless for meetings, discussions, negotiations and even signing agreements, the only outlet for cross-frontier relations is through unofficial contacts. These are less transparent and thus more likely to be of a corrupt or criminal nature. Likewise, secessionist entities exist in a legal vacuum, as they are bound neither by the domestic law of the state of which they are nominally part, nor by the law of the patron state. It should not be surprising, therefore, that corrupt or criminal activities are frequently the principle sources of income for such entities.

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<sup>2</sup> Interview with Rezonansi newspaper, 11/07/05.

## Unregulated Forces

This legal vacuum is compounded by the proliferation of unregulated forces, including separatists and paramilitaries. Separatist forces are not internationally recognized and thus can only arm themselves with illegal military procurements. Smuggling of armaments, both light and heavy, is often done through corrupt arrangements with civil and military officials from both conflicting sides, as well as with third parties. For example, during the war in Chechnya, Russian servicemen have been involved in illegal arms deals with Chechen separatists, as well as embezzling the lion's share of lucrative military investments during post-conflict rebuilding. At the same time, Russia was illegally supplying tanks, armoured personnel carriers, heavy guns, military helicopters and light weapons to Abkhaz and Ossetian separatists, providing also military training to their armed forces.

Paramilitary detachments, which often consist of unregulated "volunteers," are usually the most inclined to looting and corruption since they are less disciplined and less institutionalized than regular military forces. Yet the weakness of law enforcement structures combined with a culture of violence, greed and hatred create fertile ground for broad criminality and corruption. Thus, corrupt actors can include government and military officials, defence companies, army officers and soldiers, guerrillas, professional smugglers and even civilians. They conduct a wide variety of illegal activity: the arms trade, human trafficking, drug smuggling and extortion of money and other valuables from the peaceful population. The latter can be particularly corrosive as it leads to the criminalization of security.

## Frozen Conflicts' Impact on Forms of Corruption

In general terms, corruption can be divided into three kinds: need driven or "petty" corruption; greed-driven or "elite" corruption; and "pyramidal" corruption that connects high ranking government and military officials with low- and middle-level servicemen.<sup>3</sup> Frozen conflicts have an impact on all three sorts, creating a nexus between high- and low-level corruption, together with organized crime and smuggling. These networks frequently work smoothly across the various sides of the conflict zone, with little regard to loyalties.

*Petty corruption* involves low- and middle-level servicemen who are unable to satisfy their basic social needs with their low salaries and social benefits. In normal conditions, this level of corruption may look comparatively modest, even though it may involve large numbers of servicemen involved in petty theft and diversion of funds. In conflict zones, however, petty corruption can become brutal. Servicemen know the

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<sup>3</sup> Mats R. Berdal and David M. Malone, eds., *Greed and Grievance: Economic Agendas in Civil Wars* (London: Lynne Rienner, 2000).

taste of blood, with personal experience of combat and even military crimes. In post-war or frozen situations, soldiers often feel entitled—by virtue of their participation in combat—to a better life; yet they see no means to achieve their goals other than criminality. In this brutal environment, it becomes psychologically easy for servicemen to terrorize the local population through extortion, assassinations, kidnappings, hostage takings and even torture.

*Elite corruption* usually involves high ranking military and government officials, as well as private companies and middlemen/agents. The usual vehicle is procurement and arms deals on both national and international levels. Direct bribes, consultant fees and overpaying subcontractors for low quality goods are common procurement schemes. Construction is another high-risk area for corruption, especially in building and restoration of destroyed military objects and infrastructure in post-war periods. Due to their control over financial, military and law enforcement resources, high ranking officials do not usually have to rely on organized crime groups. There may be, however, a symbiotic merging of state and criminal structures, particularly in and near separatist enclaves. Since elite corruption is less visible to the broader public than petty corruption, it does not touch ordinary citizens' interests directly and may escape political notice (unless used for political purposes). Ultimately, however, it may have the most serious negative impact on a country's national security.

*Pyramidal corruption* connects together high ranking government and military officials with low- and middle-level servicemen, resulting in redistribution of illegal income and a flow of corrupt money from the bottom up. It frequently includes a direct nexus of corrupt officials and servicemen with organized crime groups and professional arms smugglers, and is typical in authoritarian countries, post-Soviet states and separatist enclaves. In some cases, professional criminal groupings capture the state or even implement a form of "criminal totalitarianism." The nexus between corrupt officials and criminals can extend to the extreme criminalization of defence structures, to the point that it becomes difficult to delineate between "mere" corrupt servicemen and professional criminals. Military and paramilitary structures (sometimes including peacekeepers) can participate in criminal networks that smuggle arms, drugs, cigarettes, stolen vehicles and people under the umbrella of corrupt government officials so that frozen conflict becomes a profitable source of income for all conflicting sides. Driven from top and bottom, corruption becomes systemic and penetrates to all levels of military, paramilitary and civilian structures. It also frequently penetrates into civilian society, especially into communities of socially vulnerable IDPs (internally displaced persons) and refugees. Conflict-driven corruption becomes an integral part of public life, thus developing constituencies that may oppose conflict resolution.

*Corruption in peacekeeping forces* is also, unfortunately, not infrequent in conflict zones. Peacekeepers may represent an international organization (such as the UN or

NATO), a separate country, or even separatist forces, with different levels of discipline, responsibility, remuneration and external control on their activities. Their regular contacts with local guerrillas, warlords, military, law enforcement, government representatives and the population from both conflicting sides expose them to criminal and corrupt networks. Their position of authority and freedom of movement can make them a valuable asset, worth bribing.

## Anti-corruption Actions

Fighting defence-related corruption in countries with unresolved territorial disputes or frozen conflicts requires a multi-dimensional approach that extends beyond the reform of military and law enforcement structures. In general, anti-corruption efforts are not effective if the main methods are detainments and arrests; if systems remain unchanged, one generation of corrupt public officials and servants will simply replace another. Efficient and sustainable efforts are possible only through implementation of well-thought out and comprehensive anti-corruption reforms.

It is important for the government that implements anti-corruption reforms to have sufficient levels of legitimacy, and defence officials and servicemen need enough power and freedom to make responsible decisions, for example, concerning military procurements. This should be combined, however, with well-elaborated accountability procedures, including audit, accounting and financial crime reporting standards. These should cover both the open part of the defence budget and the secret one – which should be kept as small as possible.

### Box 13.2. Main Elements of Anti-Corruption Reform

The Anti-Corruption Reform includes the following main elements:

- Creation of efficient decision-making systems that allow reformist political and military leaders to adopt and control the implementation of an anti-corruption strategy;
- Staff optimization, including professional tests to weed out incompetent (or corrupt) servicemen and the hiring of new military personnel with sufficient salaries and a high level of discipline;
- Sufficient finance and oversight for logistical support including construction and repairing of military installations, modern equipment, ammunition and infrastructure development;
- Institutional reform to optimize the competencies of defence institutions, their internal relations and their relations with civil institutions and international organizations;
- Legislative reform; and
- The inclusion of leading international organizations (NATO, the OECD, DCAF, Transparency International, etc.) and democratic nation states to help facilitate reform in the defence sector, as well as conflict resolution, through training, logistical and financial support.

Transparency in decision making and resources is also important – first of all within the government, where appropriate mechanisms should be set up to review decisions related to national security secrets. Transparency to the broader public through civil society organizations is also important, since NGOs and free media play a vital role in raising public awareness and changing public attitudes regarding defence-related corruption. The establishment of public oversight councils and the creation of a single database containing all types of public information on Defence Ministry activities are two practical measures that have proven helpful. Of course, these measures are dependent on the strength of democratic institutions in society and functioning civil-military relations. This is especially difficult in conflict zones where NGOs, free media and human rights institutions operate with difficulty.

Another tool for accountability is parliamentary investigation groups, which can address the threat of corruption in the defence system. Such groups can include civil society representatives and should have the mandate to monitor and control implementation of anti-corruption measures in the defence sector. The parliamentary groups can also develop anti-corruption legislation, for example regulating tenders, incorporating safeguards against kickbacks and improving quality control.<sup>4</sup>

A number of actions can also be taken to specifically address corruption risks associated with frozen conflicts. First is establishing discipline by eliminating non-state paramilitaries or armed “volunteer” formations. Disarmament and demobilization of these groups help the state to establish a monopoly on the use of force, and should be an early step for any government with the political will to stabilize the post-conflict situation and fight corruption.<sup>5</sup> Further efforts can then be made to increase the good order, discipline and professionalism of government forces, to include measures to ensure sufficient social conditions and salaries.

Secondly, since it is the unstable conflict situation (or threat of conflict) that drives frozen conflict-related corruption risks, it is important to end fighting and establish some modicum of security. This will allow a transfer of political energy from operational issues like training and equipping programs toward improving governance. The longer security can be maintained, the more the possibilities for cross-border communication and cooperation, the less relevant paramilitary groups are for the security situation, and the less political authorities are inclined to use them for political reasons.

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<sup>4</sup> Transparency International Georgia, *Anti-Corruption Policy: Recommendations by Civil Society Representatives and Experts* (30 March 2009), [www.transparency.ge/files/215\\_490\\_158736\\_Anti-Corruption Policy Recommendations by Civil Society ENG.pdf](http://www.transparency.ge/files/215_490_158736_Anti-Corruption%20Policy%20Recommendations%20by%20Civil%20Society%20ENG.pdf).

<sup>5</sup> The Geneva Centre for the Democratic Control of Armed Forces (DCAF), *Security Sector Reform in Post-Conflict Peacebuilding* (May 2009), <http://www.dcaf.ch/publications/kms/details.cfm?lng=en&id=100048&nav1=5>.

Thirdly, it is important that anti-corruption measures have public support. This requires, first of all, efforts to turn public opinion against corruption. Systematic and sustained information support, anti-corruption TV and radio programs and publications in print media can help the public better understand the negative consequences of corruption on real combat capability and national security more widely. This can be a strong factor in shifting public perceptions, even when gift culture and tolerance to corruption have previously dominated in society.

## The Example of Georgia

Immediately following independence, in 1992 and 1993, Georgia faced armed conflicts in South Ossetia and Abkhazia, which resulted in the creation of separatist enclaves under Russian protection. During and just after these armed conflicts, Georgian military structures resembled separate criminal-patriotic detachments, badly disciplined, equipped and trained and "self-financed" through bribery, embezzlement, extortion and looting. In 1994–1995 the government disarmed, dismissed and eliminated most of these detachments using the newly created armed forces and law enforcement structures. But there was no political will to fight corruption and the government did so only rhetorically. In 2002, a survey by the Georgian Opinion Research Business International (GORBI) indicated that 92 percent of respondents thought that corruption was widespread among public officials.<sup>6</sup>

The logical consequence of this situation was the anti-corruption "Rose Revolution" in November 2003. Following the revolution, the new government immediately embarked on reforms to combat the previously endemic levels of corruption in state institutions. Part of the rationale for this was to strengthen the Georgian state to an extent that it would be capable of defending itself against the threat posed by the frozen conflicts, as well as building a Georgian state that Abkhaz and Ossetians would want to live in. Thus, beginning in 2004, serious anti-corruption reforms were implemented in the defence sector.

*Personnel policy* was one key area of effort. Generals and senior officers who lacked professional skills or resisted reform were dismissed and a younger generation of servicemen (part of them Western educated) was hired. Incentives for petty corruption were turned around through the combination of increased wages and strictly enforced regulations. For example, in 2004, when the wage of a corporal amounted to GEL107 a month (around \$50 at contemporary exchange rates), officers often supplemented their wages with bribe payments (often in exchange for releasing conscripts from duty) or through low-level embezzlement of state funds meant for food or clothes.

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<sup>6</sup> Georgian Opinion Research Business International (GORBI), *Corruption Survey in Georgia – Second Wave* (2002), [www.gorbi.com/store/en/20030307\\_055847.ppt](http://www.gorbi.com/store/en/20030307_055847.ppt).

As of 2008, a corporal earned GEL925 (approximately \$560) a month, an increase of 864%. Petty corruption is therefore neither necessary nor attractive.

*Programming.* One externally-supported measure to increase transparency with the Georgian government was the adoption of a US-sponsored PPBS/FMS (Planning Programming and Budgeting System/Financial Management System). This innovation, introduced in 2006, provides for multi-year planning and transparency inside the government and defence establishment regarding allocation of resources toward objectives. The system also clarifies and divides areas of responsibility between civil and military personnel and theoretically liberates the military operational side of the armed forces' work from political objectives. However, there is little sign of such clarity either between institutions or inside the Ministry of Defence. Anecdotal evidence from journalists, experts and NGOs suggest that the level of openness at the Ministry of Defence still depends largely on the attitude of the minister.

*Procurement.* Despite the fact that contracts over a certain value are meant to be given out through tenders, defence procurement has often not been conducted according to the law. Especially in the early years of Saakashvili's presidency, large projects were often carried out on the basis of "negotiations with individuals" (sole source procurement). The most notable case was the construction of the Gori and Senaki military bases and hospital, which was contracted out through sole source procurement to a firm owned by Kibar Khalvashi, an ally of Defence Minister Okruashvili. This case later ended in government accusations of embezzlement. In addition, excessive and unaccountable defence spending has been justified in terms of internal conflicts, with the relocation of Georgia's main military hospital from Tbilisi to Gori and the location of the base on the main road facing South Ossetia as examples. These high profile cases seem to have taken place, however, against the background of a general shift since 2004 away from sole source procurement and toward tenders.

*Defence restructuring and state capacity.* These changes were part of the overall restructuring of the whole defence sector, backed with dramatically increased funding from the state budget and supported by assistance from NATO, the US, the UK, France, Germany, Turkey, and other countries. From 2003 to 2008 the defence budget increased from 30 million GEL (Georgian Laries) to approximately 2 billion GEL. In addition to better salaries for servicemen, this funding went toward repairing military equipment and barracks, new procurements and training. The Ministry of Defence was reorganized and a civilian minister of defence was appointed.

Defence restructuring was part of a wider effort to increase state capacity. An important element of that was the disarming of criminal armed guerrilla movements in Western Georgia and a crackdown on the *kanonieri kurdji*<sup>7</sup> (Georgian criminal bosses).

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<sup>7</sup> Literally, "thieves-in-law."

As a result, Georgian security institutions now possess a monopoly on the use of force and paramilitary and underground organizations no longer exert the corrupting influence they once did.

*Positive impact.* These reforms have had tangible success at massively reducing corruption, particularly the lower-level petty corruption that affects the broad public. Many corrupt networks in the defence sector and other security and law enforcement structures have been destroyed and public perception has improved dramatically. Transparency International's Corruption Perception Indexes demonstrate Georgia's significant progress in implementing its anti-corruption strategy (see Box 13.3).

There has also been tremendous improvement in military professionalism: prior to the adoption of Georgia's NATO IPAP (Individual Partnership Action Plan) in 2004, the Georgian armed forces barely functioned as an organization; today they are a more modern, disciplined, well-paid, trained and better equipped army that is close to NATO standards and free of petty corruption. This was demonstrated during the Russian-Georgian war in August 2008, where the NATO-trained Georgian army, in which paramilitary and "volunteer" armed groups were long ago eliminated, showed more discipline than Russian and their separatist allies, whom journalists video recorded in repeated cases of bribery, extortion and looting.

*Dilemma of increased capacity.* The bottom line is that Georgia's state institutions, including the armed forces, now possess the authority and strength to implement and enforce anti-corruption measures. However, it is precisely this increased state capacity that has helped create a situation where access to information has become much more difficult and institutions meant to scrutinize the Ministry of Defence have become weaker. Thus, while there have been very few proven cases of corruption in the Georgian military since 2004, there is a perception that the reduction in petty corruption has been accompanied by increased opportunities for high-level corruption. As one Georgian military expert put it: "if a cook of a military unit used to steal two kilograms of potatoes, he may no longer do so because there is control, discipline and ... because he now has a salary of 1000 lari. However, when the matter concerns tenders, construction, purchasing of cars, purchasing of military equipment and ammunition, here one

**Box 13.3. Georgian Ratings on Corruption Perception Index (CPI), 2004-2008**

Year	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
CPI Rank	133	130	99	79	67
	(of 145)	(of 158)	(of 163)	(of 179)	(of 180)

Sources: TI Corruption Perceptions Index: [www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi).

has to deal with such large amounts of funds that somebody may steal 42mn [the equivalent of the 2003 annual military budget] overnight.”<sup>8</sup>

Transparency has been a significant casualty of this situation. A 2008 survey of journalists, experts and local NGOs carried out by the Association for Justice and Liberty showed that only 23% of journalists used the Ministry of Defence’s public relations department as a source of information; instead, they preferred to talk to military experts and insiders with knowledge of the personal politics and the behind-the-scenes manoeuvring. More worryingly, the report quotes journalists as saying that obtaining information from the government is “practically impossible.”<sup>9</sup> The problem does not end there: half the defence budget is deemed “classified” and the breakdown of the budget is quite general. Until 2006, the Ministry of Defence was partly funded through a secret Army Development Fund on which no information was made available. While the abolition of this fund was a positive step, budgetary transparency has not improved greatly since then. The last openly available full budget breakdown is from 2007, with large sums categorized vaguely as “other expenditures.” This perception is supplemented by the much publicized US intelligence report on the state of the Georgian army which states that the selection of cadres depends on “personal relationships” and that information is “hierarchical and tightly controlled.”<sup>10</sup>

*Parliamentary & public accountability.* A number of institutions have been created to help improve parliamentary and public accountability. This includes the Civil Council on Defence and Security, an organization established as a forum for dialogue between the Ministry of Defence and the NGO sector that has now been reinvigorated after having been sidelined by Okruashvili during his time in the ministry. Aside from the Chamber of Control and the parliament (which is responsible for approving the budget), there is also the parliamentary Trust Group of MPs who have access to classified details that are considered sensitive.

However, prominent Georgian military experts believe that all of these mechanisms have failed to work in practice. In a 2007 survey, 80% of experts and journalists said that parliamentary control was “insufficient.”<sup>11</sup> For example, the parliamentary Trust Group is legally supposed to include at least one deputy from the parliamentary minority. In reality, the opposition’s candidate for membership of the Trust Group was rejected and there was no opposition representative in this group until the new parliament was convened in 2008. There are now two opposition representatives on this

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<sup>8</sup> Personal interview with Irakli Sesiashvili, director of Association “Justice and Liberty,” 13 January 2009.

<sup>9</sup> Irakli Sesiashvili, *The Transparency of the Ministry of Defense: The Problems and Prospects* (26 April 07), [www.ajl.ge/pages.php?lang\\_id=eng&cat\\_id=1&news\\_id=3](http://www.ajl.ge/pages.php?lang_id=eng&cat_id=1&news_id=3).

<sup>10</sup> *New York Times*, 18 December 2008.

<sup>11</sup> Conducted by Georgia for NATO in 2007.

group but one of them has complained that not a single meeting of the Trust Group has taken place since the convening of the 2008 parliament,<sup>12</sup> a year in which major combat operations were conducted against Russia. In the case of the Chamber of Control, reports are currently not released on the Internet and even in comparison to the basic level of control it exerted before the Rose Revolution, this institution has not been active in publicizing problems. Indeed, Paata Zakareishvili, an expert on defence and conflict issues, has called the Chamber of Control “a body that has no function in this country.... It is totally paralysed.”<sup>13</sup> Sometimes, even officials authorized to conduct oversight are denied access to information and the Public Ombudsman, who is charged with monitoring the human rights situation within the Georgian armed forces, has been prevented from visiting military detention facilities to monitor conditions.<sup>14</sup>

In short, there is widespread dissatisfaction, including from NATO and other international organisations, with the way institutions that “on paper” are supposed to be scrutinising the Ministry of Defence are working. Some, such as Georgian military expert Irakli Sesiashvili, explain that this is due to the fact that the government controls all these bodies, since it currently possesses a constitutional majority in parliament<sup>15</sup> and can appoint whomever it wishes to head such oversight institutions. Ironically, before 2004, governments had to coexist with a far less pliant parliament and a largely oppositional mass media. The split nature of the Georgian elite and the weakness of the state pre-2004 also fostered a sort of pluralism, where individual officials were relatively independent and they were better able to perform their regulatory function.

All of the above creates a fertile environment for corruption to thrive. This perception is supported by the few confirmed high-level corruption cases that have been revealed in recent years. The most important was undoubtedly the allegations against former defence minister Irakli Okruashvili, who was arrested two days after he publicly accused the president of murder and corruption on live TV. The Chamber of Control claimed to have evidence that Okruashvili had embezzled 103 million Lari (60 million US dollars), embezzling money earmarked for fuel and building contracts, amongst other crimes. Yet the report was never released. In the other significant corruption case, key defence ministry officials closely allied to members of the government opposed to Okruashvili were accused of corruption by Okruashvili while he was

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<sup>12</sup> Reference to Gia Tortladze – Interview with Tea Akubardia, 15 January 2009.

<sup>13</sup> Interview with author, 13 January 2009.

<sup>14</sup> Ombudsman’s Annual Report 2007.

<sup>15</sup> Most of the opposition resigned their seats in protest at what they believed to be a fraudulent election.

minister.<sup>16</sup> It is not credible that these two cases, only revealed as a result of internal strife in the government, mark the extent of the problem. Rather, it is likely that they are only the tip of the iceberg.

## Lessons Learned

The Georgian case provides a number of useful lessons. First is the value of specific actions to counter corruption risks associated with frozen conflicts. This includes the disbanding of non-state paramilitary formations, increasing salaries and discipline within the armed forces, and focusing on building societal trust in the armed forces.

Second is the importance of state capacity in dealing with corruption. The weakening of the state, partly caused by the existence of frozen conflicts, meant that corruption flourished in the 1990s in Georgia. Since 2004, however, the Georgian state has strengthened, leading to a decline in petty corruption. However, the increase in state capacity has also allowed for greater protection of information, which, without effective counterbalances, has resulted in a decline in the level of transparency. The failure to put effective democratic control mechanisms in place to oversee this increased state capacity was a major oversight.

Third is the indivisibility of the defence sector from the rest of the political system in terms of the fight against corruption and the establishment of democratically accountable armed forces. Transparency and open discussion constitute the best mechanism for fighting well-concealed, high level corruption. Thus, states with internal conflicts cannot be allowed to follow their natural instincts (and perhaps cultural traditions) to shut their defence institutions behind a wall of secrecy, keeping defence and national security issues out of bounds for public discussion. For this to change, effort needs to be directed at both the reinvigoration of civil society and media interest, as well as the opening up of state institutions to public scrutiny. The inevitable negative impact of corruption on combat effectiveness can be an important tool for mobilizing public interest.

Fourth is the importance of going beyond surface level reform. Georgia has made great progress in harmonising the workings of its defence structures with that of NATO, increasing theoretical accountability (e.g. through the introduction of PPBS), eradicating low-level corruption, and creating a parliamentary group to monitor the armed forces. However, this strengthened institutional and legislative base has not been matched with a similar level of political will. Indeed, over the past several years, the only times high-level corruption has been pursued is in the context of political conflict within the government.

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<sup>16</sup> They were accused of embezzlement of funds meant for the reconstruction of a military barracks near Tbilisi but were later cleared and moved to the National Security Council to the dissatisfaction of Mr. Okruashvili who maintained that these officials were guilty and were being protected by those who wanted to undermine him.

Finally, much of the progress that has been achieved in Georgia regarding anti-corruption and democratic control of defence institutions has been due to rigorous international assessment and pressure to meet relevant NATO or European standards. This kind of honest and intrusive relationship should be continued with regard to both Georgia and the other states in the region.