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**POLICY PARTNERSHIP IN COMBATTING
CORRUPTION IN THE SOUTH CAUCASUS REGION**

D R A F T

**October 30, 2003
Durham, NC**

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INTRODUCTION

“...by co-opting all the principal actors into the process of anti-corruption reforms, a country or community can enhance its capacity to curtail corruption onto manageable levels”

Preface, TI Source Book 2000

Since 1990's, there has been a worldwide recognition that corruption is one of the most critical factors destroying political, economic and social life of modern nations. Corruption weakens institutions and lower moral standards, hinders reforms and impedes development, violates human rights and moves people out of their countries. It is identified as the abuse of power for private gain; it varies from case to case and manifests itself in diverse forms. Corruption can be visible and detectable as in the case of petty corruption (e.g. traffic police), and it can be hidden and hard to disclose as in the case of grand corruption (e.g. elections).

Today, according to the 2003 Transparency International Corruption Perception Index (CPI), nine out of ten developing countries urgently need practical support to fight corruption¹. In the meantime, a new Index points to high level of corruption in many rich countries as well. Seven out of ten countries score less than 5 out of a clean score of 10, which reflects perceived levels of corruption among politicians and public officials in 133 countries. All over the world, corruption is “...devastating for the poor, who routinely receive fewer social services, such as health and education, and have fewer resources to supply the bribes and payoffs that can be routinely

¹ See www.transparency.org/cpi/2003

demanded”². Though corruption infects any state regardless of the level of their development, it has a much more devastating effect on transitional and developing economies. Widespread corruption is hampering the reform processes and thus negatively affecting political and economic development of the countries as it is currently happening in the South Caucasus region.

Since the year of 2000, Armenian, Azeri and Georgian governments have taken some anti-corruption initiatives, mainly under the pressure of international financial institutions. As mentioned in the 2003 Global Corruption Report, they “...all adopted anti-corruption rhetoric... what are absent are more effective ways of translating the rhetoric into consistent and effective programmes that address corruption”³. Despite of adoption of new legislation directed at promoting more transparent and accountable governance system, corruption still continues to destroy trust in government institutions, and very few people across the region believe that authorities are truly committed to combating corruption in the South Caucasus.

There is no active public participation in design and implementation of anti-corruption policy reforms because of the absence of partnership relationships between “the state” and “civil society”, mutual mistrust and the lack of capacity on both sides to maintain an open dialogue and effective cooperation. If no change takes place in the nearest future, corruption will undermine the very foundations and legitimacy of development policies. Governments of the South Caucasus countries need to make a real progress in democratization process, increase civil

² “New Empirical Frontiers in Fighting Corruption and Improving Governance – Selected Issues”, D. Kaufmann, The World Bank, 2001, p.2 (see www.worldbank.org/wbi/governance)

³ “Global Corruption Report”, Transparency International, 2003, p.165

society involvement in the policy-making and take decisive actions in ensuring transparency and accountability of the governance system.

CORRUPTION IN THE SOUTH CAUCASUS

Nowadays, Armenia, Azerbaijan and Georgia, as well as almost all CIS countries, are perceived as very corrupt nations. During the last few years, the Transparency International CPI⁴ placed all countries of the region among those having a high level of corruption. Thus, the 2000 CPI ranked Armenia and Azerbaijan as 76 and 87 out of 90 countries, and correspondingly scored them as 2.5 and 1.5 on a scale from 10 to 1. Armenia was not included in the list of examined countries for the years of 2001 and 2002. Azerbaijan first moved up to 84 in 2001 (91 countries) and then went down to 95 in 2002 (102 countries) keeping a score of 2.0 unchanged. Georgia that was not listed in 2000 and 2001, received “85” position, with a score of 2.4, in 2002. The 2003 CPI ranked all three neighboring countries. Thus, Armenia was perceived as being 78th (score of 3.0), Azerbaijan and Georgia - as 124th out of 133 countries (scores of 1.8). Scores less than 3 indicate a high level of corruption, while countries with a score less than 2 are considered to have pervasive corruption.

The 1999 Business Environment Performance Survey (BEEPS) carried out by the World Bank and EBRD also demonstrated that the South Caucasus countries are perceived to have a high

⁴ See www.transparency.org/cpi

level of corruption compared to other countries of the region⁵. The level of state capture and administrative corruption was indicated to be “medium-high” for Armenia and “high-high” for Azerbaijan and Georgia. This assumes that there are public and private actors in those countries influencing “the formation of laws, regulations, decrees, and other government policies to their advantages a result of the illicit and non-transparent provision of private benefits to public officials”⁶ (state capture), and distorting “...implementation of existing laws, rules, and regulations to provide advantages to either state or non-state actors”⁷ (administrative corruption). Though the 2002 BEEPS reports about some progress made by the discussed countries during the last three years⁸, yet it is early to report about a stable improvement pattern.

Empirical studies of the causes of corruption in the CIS countries including Armenia, Azerbaijan and Georgia (see bibliography) suggest that there are a lot of common preconditions for corruption, such as Soviet legacy; radical transformation of political and economic systems; no separation of power; absence of check-and-balance mechanisms; ethnic and territorial conflicts; etc. Imperfect legislation; lack of transparency and accountability in the public sector; poor law enforcement; ineffective judiciary and legislature; unfavorable socio-economic conditions and many other factors are seen as the main causes of corruption in the region.

⁵ “Anti-corruption in Transition: A Contribution to the Policy Debate”, The World Bank, Washington, DC, 2000, p.XIV

⁶ Ibid., p.XV

⁷ Ibid., p.XVII

⁸ “Corruption in CIS-7 Countries”, presented by J. Deteau at the CIS7 Initiative Conference, Lucerne, January 21, 2003.

The results of the 2002 project jointly implemented by the Center for Regional Development/Transparency International (CRD/TI) Armenia, along with the Entrepreneurship Development Assistance Foundation (EDF) of Azerbaijan and the Association of Young Economists of Georgia (AYEG), demonstrated that respondents in three neighboring countries pointed to the same causes of corruption as listed above when asked to describe the current situation at regional customs⁹. And this is equally true for all “infected” sectors of economy in the South Caucasus countries.

Motives, forms and manifestations of corruption are also reported to be similar in the countries of the region (see bibliography). People strongly believe that there is no other way to get things done, to speed-up administrative procedures, to avoid high official payments, to be served properly, etc. Corruption manifests itself in the form of bribery, gifts, hospitality, exchange of favors, nepotism and clanship; protectionism and rent-seeking; misuse and misallocation of public funds and property; state capture and facilitation in bidding and contracting, donation for election campaigns and buying votes, etc.

According to the results of the expert survey carried out by EDF in 1999, 54% of respondents noted that businessmen in Azerbaijan spent up to 70% of their revenues on bribes; whereas 35% of interviewees believed that such expenses exceeded 70% of revenues¹⁰. When Armenian businessmen asked how would they react if offered to give bribe, only 2% said they would not

⁹ “Promoting Transparency at Regional Customs”, CRD/TI Armenia, in cooperation with EDF and AYEG, with support of the South Caucasus Cooperation Program of the Eurasia Foundation, Yerevan, 2002.

¹⁰ “Corruption”, *Manual*, TI Azerbaijan, Baku, 2002, p.14

do that; 51% would try to find “useful” contacts; 33.5% would try to negotiate; and 20.5% would do that without any clarification¹¹.

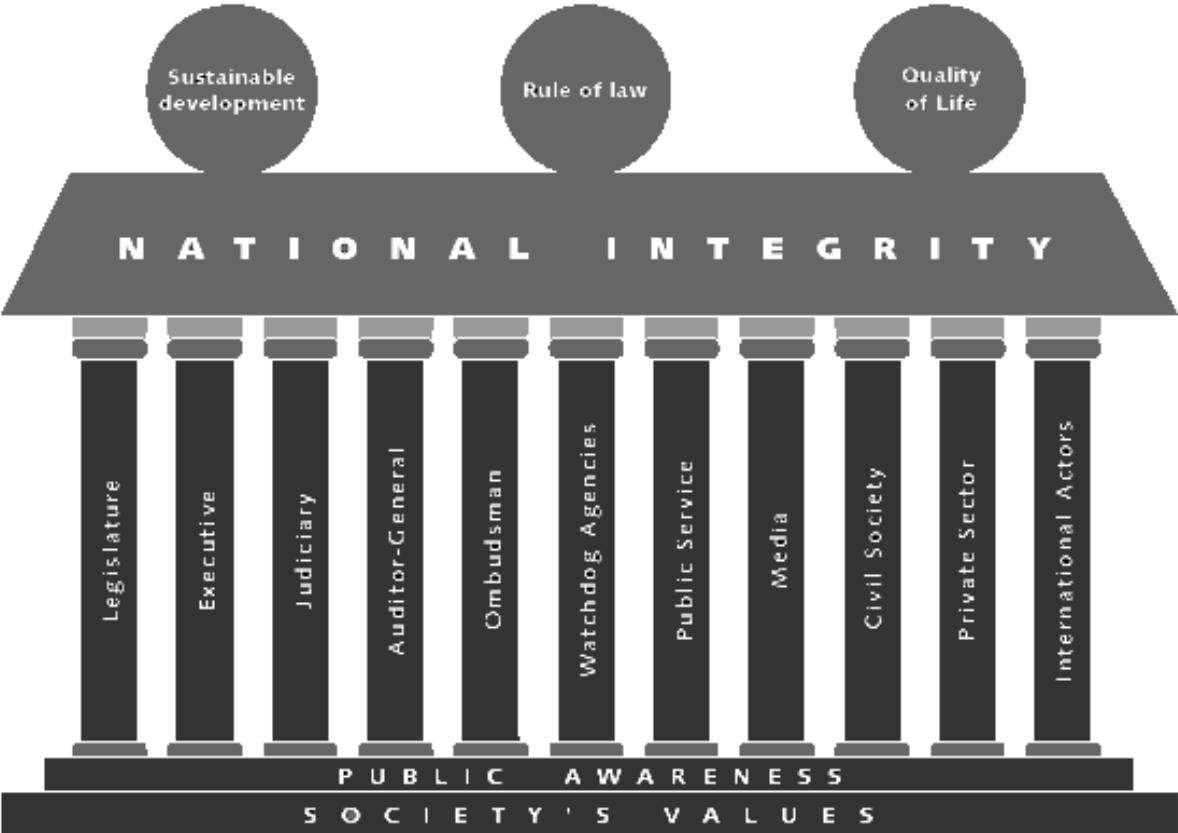
Corruption assessment surveys conducted in the region (see bibliography) show that respondents consider the following sectors and services to be most corrupt: courts; prosecutor’s offices; police; tax and customs authorities; privatization and election processes; health, education and energy sectors; municipalities; military; regulatory, inspection and licensing agencies; etc. Corruption infects all basic institutions and thus damages development process. Absence of true political will to reduce corruption, combined with the lack of effective institutions and mechanisms to prevent and control it, create quite favorable conditions for corrupt practices. Low risk of being involved in illegal transactions as well as high public tolerance to corruption makes it a part and parcel of day-to-day life. In its turn, building new institutions and values leads to more corrupt opportunities.

Reducing corruption and making a measurable economic and social progress in each of the South Caucasus countries needs building a capable state, with effective government institutions. Corruption is a systemic problem, so the means to fight it should be comprehensive. One of the holistic approaches to the problem is creation and maintenance of a National Integrity System¹² comprising of interdependent and interacting institutions, such as, fairly elected legislature, transparent and accountable executive, independent judiciary, effective law enforcement and

¹¹ “Country Corruption Assessment: Public Opinion Survey”, CRD/TI Armenia, Yerevan, 2002, p.17

¹² “Confronting Corruption: The Elements of a National Integrity System”, Transparency International Source Book, 2000.

watchdog agencies, free media, etc. (see below). The System should be based on cultural and moral values of society, representatives of which are actively participating in the decision-making at national and local levels.



Is it possible to build such a system in a transitional country? The experience of some post-Socialist countries such as Estonia, Poland and Slovenia challenges the argument that only rich and developed countries can afford the luxury of good governance, if there is political will and real commitment of the country's leadership, which is a key factor for anti-corruption reforms. The next critical factor is willingness and capability of state officials to promote reforms at all government levels. Effective donors' assistance in the field is seen to be very important as well.

Understanding of a complex and systemic nature of corruption is necessary to target all “infected” sectors and institutions. And, finally, public support to and participation in anti-corruption reforms are crucial in ensuring successful reforms in the field of anti-corruption.

ENVIRONMENT FOR ANTI-CORRUPTION REFORMS

In June 2000, Heidar Aliev, President of Azerbaijan, issued a decree ordering the development of a National Anti-Corruption Program and an Anti-Corruption Law within six months. Since then the Program has been prepared, but has not come into force, while the Law has been passed in the first reading only. As mentioned in the 2003 Global Corruption Report, Adil Ismailov, Head of Independent Consulting Assistance for Civil Society in Azerbaijan, argues that even if the anti-corruption measures were perfect, they would have little impact because “the country is corrupt from top to bottom”¹³. Recent presidential election in Azerbaijan is one of evidences of the continuing erosion of basic democratic institutions in the country.

A large number of anti-corruption measures have been approved by Eduard Shevardnadze, President of Georgia. In July 2000, he established the Working Group to develop a National Anti-Corruption Program. Next year, the Anti-Corruption Coordinating Council was formed under the President of Georgia, with the Anti-Corruption Bureau to serve as the Council’s Secretariat. The President issued another decree titled “First Place Anti-Corruption Measures” on March 2001. The monitoring of the abovementioned decree, conducted by civil society

¹³ “Global Corruption Report”, Transparency International, 2003, p.171

organizations six months later, clearly demonstrated that authorities failed in its implementation and “the government as a whole revealed superficial approach towards anti-corruption measures”¹⁴.

The Prime Minister of Armenia Andranik Margaryan established the State Anti-Corruption Commission in December 2000. In early 2002, the World Bank granted US\$299,000 to the Armenian Government to draft a National Anti-Corruption Strategy Paper. Donor’s community did not approve the final version of the Strategy submitted in January 2003. The new coalition Government formed in June 2003 after the Parliamentary elections formed a new working group to revise and rewrite the Strategy to be approved by the President of the country by the end of the year. The Government is comprised by representatives of three parties that won the majority seats in the Parliament through violating the Electoral Code and other legal provisions, as the results of elections monitoring indicated^{15,16}.

Some new laws and regulations, as well as government programs directed at improving public sector, facilitating business development and solving social problems include various anti-corruption elements. Nevertheless, the overall path of the reforms in all the discussed countries seems to be far from their initial “design”. The battle against corruption in the South Caucasus is proven to be mainly of declarative nature. This has a negative affect on the development of democracy and market economy in the region. “Changing the forms of governance to fit with the

¹⁴ “Report on Civil Monitoring of the Presidential Decree #95”, published by the Group of the Georgian Civil Society Organizations, with support of OSFG, Tbilisi, 2001

^{15,16} “Monitoring of the 2003 National Assembly Election Campaign Finances”, CRD/TI Armenia, Yerevan, 2003 and “OSCE/ODIHR Final Report on the Parliamentary Elections in Armenia”, July 31, 2003

requirements of the Council of Europe and other international organizations is not accompanied with the changes of the content of the governance”¹⁷, which still remains highly hierarchical, politicized and closed.

Review of relevant literature and media coverage indicates that state institutions in all countries of the region are mainly reluctant to provide easy public access to information. The absence of strict control and punishment mechanisms weakens legal provisions ensuring accountability of high state officials. The other negative trend is the further concentration of political and economic power in hands of small elite groups. There are an increasing number of high rank officials directly or indirectly involved in business activities, while more and more business “oligarchs” are members of the Parliament. The party and election systems are also becoming more “infected” and thus creating more opportunities for the state capture and other forms of grand corruption. Multiparty systems do not ensure real political competition, while the fragmented private sector, with the privileged elite and unprotected small and medium businesses, cannot promote a competitive market across the region.

The key systemic factors influencing the current reform processes in the South Caucasus are as follows: the absence of political will; the lack of independence and autonomy of basic institutions; no motivation among bureaucrats; imperfect legal framework; poor law enforcement; low level of public participation in policymaking processes, etc. There is nor actual separation of power and decentralization. Neither effective check-and-balance mechanisms are

¹⁷“National Integrity System Study-Armenia”, Draft Country Report, CRD/TI Armenia, 2003, p. 110

available in the countries of the region. Institutes of the Presidency and the Executive dominate over others and enjoy both formal and informal impunity.

All institutions lack sufficient financial, technical and human capacity. Low enumeration of the state employees makes an excuse for taking bribes and abusing public offices for private gain. The legal framework is far from being perfect itself and often inconsistent with the secondary legislation. Legal reforms are being carried with no serious consideration of their implementation. Even perfect laws would not be effective because of the weakness of law enforcement agencies. There are no efficient mechanisms of public participation in the daily activities of the legislature and the executive. Average citizens are not politically active since they are mostly involved in every-day struggle for survival.

NGOs are the only civil society groups in the South Caucasus, but trade unions, charity foundations, religion organizations, etc. do not play an active political role. Not all NGOs have high level of maturity and competence to significantly contribute to the policy process. Nevertheless, most of them have good experience in delivering public services, implementing research and monitoring programs, carrying out educational and public awareness campaigns as well as promoting advocacy and lobbying activities. Some of the South Caucasus NGOs are making serious steps to demand more transparency and accountability from their governments. In fact, the Georgian NGOs have relatively more opportunities to participate in the policy processes as reported by the Anti-Corruption Bureau of Georgia¹⁸, while the Azeri NGOs face

¹⁸ “Anti-Corruption Bureau of Georgia” Report, Tbilisi, 2002, p.22

difficulties even in registering their organizations¹⁹. As to Armenian case, current government is making first attempts to discuss possible cooperation with the National Anti-Corruption NGO Coalition established under the CRD/TI Armenia.

Civil society groups are not protected from unfriendly attitude of officials from registration and certification agencies and are often “tortured” by tax authorities. A number of NGO representatives mention about the cases of threatening them and their families. This happened when NGOs had some facts and photos that may scandalize high rank state officials or wealthy businessmen. Sometimes, media helps stop publicizing such facts through blackmailing NGOs themselves as per request or order from the “top”. Media actively participates in the politics, but it is not independent and free. Being affiliated to a party or business group and financially dependent on it, media outlets usually provide biased information and frame news to favor their patrons.

Meanwhile, restrictions on opposition media extend across the region. The Freedom House pointed to two major reasons for the reported decline of the degree of freedom in Armenia in 2002. First, the Armenian government was repeatedly using “security or criminal libel laws to stifle criticism”, and, secondly, it closed “the country’s leading independent television station A1+”²⁰. As mentioned in the 2003 Global Corruption Report, the Azeri government “...closed down television and radio stations...and many newspapers...in 2001-2002”²¹. In Georgia, the

¹⁹ “Corruption in the South Caucasus: Region Specifics and Trends”, Amalia Kostanyan, CRD/TI Armenia, 2003, p. 6 (see www.transparency.am)

²⁰ “Freedom of the Press 2003: A Global Survey of Media Independence” (see www.freedomhouse.org)

²¹ “Global Corruption Report”, Transparency International, 2003, p.173

police raids on the studios of independent TV station Rustavi-2 brought thousands people to the streets and resulted in dismissal of the government in October 2001²². In the countries of the region, legislation of freedom of information is even absent or if adopted it is imperfect and not enforced.

Citizens of Armenia, Azerbaijan and Georgia have a very limited access to information related to anti-corruption initiatives. Though people mostly view corruption as a negative phenomenon, still the majority of them tolerate it, being directly or indirectly involved in corrupt practices. “Historical background affects the cultural climate of the region - perception of an office holder as a person who uses the position to enrich him/herself rather than to serve people...”²³ resulted in general mistrust in government institutions.

Also, the processes of liberalization and privatization in the beginning of the independence era of 1990s deepened mistrust to the state machinery and caused some cynicism. People became rich, but governments failed to restrict unfair enrichment and ensure social equity. This led to the situation when everything seemed to be easily bought and sold. “Extreme liberalism without social responsibility and absence of safeguards to protect socially vulnerable groups adversely affects the society’s values”²⁴, which in its turn undermined the main concept of democratic development and market economy.

²² “Global Corruption Report”, Transparency International, 2003, p.173

²³ “National Integrity System Study-Armenia”, Draft Country Report, CRD/TI Armenia, 2003, p. 115

²⁴ Ibid., p.116

STATE-CIVIL SOCIETY POLICY PARTNERSHIP

There is an increasing understanding around the world that current governments cannot effectively promote political and economic development of their countries if they act on their own. Nor can civil society actors ensure transparent, accountable and efficient governance if there is no political will of authorities. Current interest in governance rather than government reflects an increasing demand in having civil society more involved in decision making of public policies, their implementation and follow-up "... to tap new sources of policy-relevant ideas, information and resources..."²⁵. Strengthening relations with citizens also "...contributes to building public trust, raising the quality of democracy and strengthening civic capacity"²⁶.

Concept of governance refers to "the process whereby elements in society wield power and authority; and influence and enact policies and decisions concerning public life, and economic and social development"²⁷. It "...extends beyond government to address the role of citizens ... in the policy process, and the way groups and communities within a society organize to make and implement decisions on matters of general concern"²⁸. In developing and transitional countries, governance issues are closely related to transition to democratic political-administrative systems. Democratic governance assumes "...managing public affairs in a transparent, participatory and

²⁵ "Engaging Citizens in Policy-making: Information, Consultation and Public Participation", *OECD PUMA Policy Brief*, No10, July 2001, p. 1

²⁶ Ibid.

²⁷ "Civic Participation in National Governance" (First Draft for Discussion), M. Gonzales de Asis and J. Acuna-Alfaro, *World Bank Institute Anti-Corruption Course*, p.5 (see http://www.worldbank.org/wbi/governance/ac_courses.htm)

²⁸ "Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries", D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No 4, p. 59

accountable fashion”²⁹. By promoting transparent, participatory and accountable system of governance governments are actually reducing corrupt opportunities within the public sector and thus fighting corruption.

In spite of some progress in building democratic institutions in the South Caucasus countries, still there is a lack a democratic system of governance across the region. Governments of Armenia, Georgia and Azerbaijan are currently facing challenges of increased inequality and high poverty, political instability and economic difficulties. As mentioned earlier, their anti-corruption initiatives, as well as other policy reforms, are not supported by the public because of general mistrust and skepticism caused by the fact that authorities failed to demonstrate a true commitment to fighting corruption, reducing poverty and ensuring equal income distribution in their countries. International donors are also very much concerned about the current path of reforms in the region.

One of possible ways to recover public trust and guarantee continuing donors’ support as well as to assure credibility and effectiveness of ongoing reforms is to actively involve civil society in the policy process. “Government-citizen relations cover a broad spectrum of interactions at each stage of the policy-making cycle: from policy design, through implementation to evaluation”, as described in OECD Puma Policy Brief³⁰. When government produces and delivers information

²⁹ “Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries”, D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No 4, p. 59

³⁰ “Engaging Citizens in Policy-making: Information, Consultation and Public Participation”, *OECD PUMA Policy Brief*, No10, July 2001, p. 2

for the use of citizens, it is a one-way relation. A two-way relation or consultation assumes provision of feedback from citizens to government. Active civil society participation is a relation based on partnership when citizens are engaged in the policy-making process. It is “the process by which citizens’ concerns, needs, values, expectations and problems are taken into account into the government decision-making process..., with the overall goal of better decisions, supported by the public”³¹. Apparently, the process of active participation requires transparency, flow of information, accountability and control.

D. W. Brinkerhoff defines policy partnership between the state and civil society as “...cross-sectoral interactions whose purpose is to achieve convergent objectives through the combined efforts...”³². He identifies several mechanisms of such partnership that are proven to be effective³³. The first conclusion he made while analyzing partnership cases in 4 developing countries is that formalized mechanisms appear to be more appropriate when partnership objectives focus on implementing predetermined policies and programs. Meanwhile, “the informal, ad hoc mechanisms seem to be more suited to partnerships with initially more diffuse objectives, or where the ultimate path of the partnership is not initially clear”³⁴. In author’s opinion, this pattern is more typical for policy advocacy and policy design cases than for service delivery ones.

³¹ “A Practical Guide to Citizen Participation in Local Government in Romania”, E. Chetwynd and F. Chetwynd, USAID/RTI Local Government Assistance Program, 2001

³² “Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries”, D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No4, p. 61

³³ *Ibid.*, p. 77-82

³⁴ *Ibid.*, p. 78

The next issue is related to the initiation of partnership between governments and civil society. Since in most developing countries, governments are mistrustful of civil society, promotion of policy partnership continues to be a role of international donors. Good coordination and management is the third critical factor for successful partnership relations. Finally, governments must invest adequate time, resources and commitment in building legal, policy and institutional frameworks by creating appropriate administrative structures, procedures, and mechanisms; building necessary institutional capacity; adopting relevant legislation; etc., to facilitate their partnership with civil society.

OECD Public Management Policy Brief³⁵ underlines the following guiding principles for engaging citizens in policy-making:

- Leadership and strong commitment is needed at all levels - from politicians, senior managers and public officials.
- Citizens' rights to access information and actively participate in policy processes must be firmly grounded in law or policy.
- Objectives and limits, roles and responsibilities should be well defined.
- Public participation should be undertaken as early in the policy process as possible, and adequate time must be available for each stage to make participation effective.
- Information provided needs to be objective, complete and accessible.
- Adequate financial, human and technical resources as well as appropriate skills, guidance and organizational culture are needed.

³⁵ "Engaging Citizens in Policy-making: Information, Consultation and Public Participation", *OECD PUMA Policy Brief*, No10, July 2001, p. 5

- All related activities should be coordinated to enhance knowledge management, ensure policy coherence and avoid duplication of efforts.
- Governments should be accountable for the use they make of citizens' inputs, and appropriate measures should be taken to make the policy process open to external scrutiny and review.
- There must be tools and capacity to evaluate the government performance in engaging citizens in the policy-making.
- Active citizenship should be encouraged through facilitating access to information, raising public awareness and building capacity among civil society organizations.

In the meantime, implementing anti-corruption reforms is a multidimensional process that involves major structural, institutional and behavioral changes. To participate in that process and be involved in the decision-making, civil society organizations need to learn, negotiate and interact with the government. Though characteristics of civil society organizations including NGOs vary greatly, they have some common strengths and weaknesses. The World Bank Operational Manual entitled “Involving Nongovernmental Organizations in Bank-Supported Activities”³⁶ refers to the following NGO strengths:

- Social proximity (grassroots and community links);
- Field-based development expertise;
- Specialized knowledge and skills;
- Ability to innovate and adapt;

³⁶ “Involving Nongovernmental Organizations in Bank-Supported Activities”, *The World Bank Operational Manual Good Practices*, 2000, p.1

- Capacity to work on a national level;
- Participatory management tools;
- Long-term commitment;
- Cost-effectiveness;
- Involvement in national, regional and international networks, etc.

However, there are some areas in which NGOs might face some difficulties, which are as follows:

- Limited financial, analytical and management expertise;
- Lack of institutional capacity;
- Low level of sustainability;
- Capability for small-scale interventions only;
- Absence of the shared vision among different organizations;
- Lack of negotiation and networking skills, etc.

The South Caucasus NGOs can be mostly associated with all the above-noted strengths and weaknesses. They need to effectively use their expertise and resources, and make serious efforts to limit the weaknesses. Though typically NGOs are categorized as either operational and or advocacy organizations³⁷, NGOs involved in anti-corruption activities in the countries of the region fall somewhere in between these two categories. Most of them have a primary purpose to fund, design, or implement development-related programs or projects, and simultaneously to

³⁷ “Involving Nongovernmental Organizations in Bank-Supported Activities”, *The World Bank Operational Manual Good Practices*, 2000, p.2

defend or promote a specific development cause and seek to influence the development policies and practices. Therefore, NGOs have to build their capacity in both dimensions.

PRE-CONDITIONS FOR EMERGING PARTNERSHIP

Why should the governments of the South Caucasus be interested in establishing partnership with civil society organizations in the anti-corruption field? Apparently, Armenian, Azeri and Georgian authorities may consider the following reasons for cooperation with civil society representatives:

1. To respond to calls of international donor community for promoting more transparent, participatory and accountable government system.
2. To improve the quality of policy by being exposed to new ideas, different perspectives and alternative solutions provided by new actors.
3. To make policy implementation more effective by using resources available in civil society organizations and obtaining new sources of funding through partnership projects.
4. To have new policy actors who will share responsibility for possible reform failures in the future.
5. To rehabilitate declining public confidence in government institutions.

What are necessary pre-conditions to ensure policy partnership success in the countries of the region? According to the above-cited Brinkerhoff's article, there must be four "basic situational variables that condition both the emergence and the degree of success of state-civil society

partnerships”: regime type, level of trust, legal framework and the nature of the policy³³. There is strong evidence that “...democratic political systems offer a more supportive enabling environment for state-civil society partnerships than authoritarian or limited (so-called pseudo-democratic) forms of government”³⁴.

High level of mutual trust and willingness to work together are also critical for partnership. Another important factor is the presence of a supportive legal and regulatory framework. Even in democratizing countries there are some legal restrictions with regard to civil society organizations, which are designed to limit political activity of the latter. And, lastly, “policies vary in terms of the degree of technical expertise required, the time frame within which results and impacts occur, the array of interests affected, and their distributive consequences”³⁵. Therefore, it is essential for civil society representatives to possess in-depth knowledge of the issues involved at each stage of the policy processes.

These four as well as some other variables conditioning state-civil society partnership are reviewed below in the South Caucasus context:

Type of regime: Though current conditions in the countries of the region are not favorable for policy partnership, civil society should not wait until all democratic institutions have started

³³ “Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries”, D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No 4, pp. 72-77

³⁴ “Rethinking Civil Society: Towards Democratic Consolidation”, L. Diamond, *Journal of Democracy*, 1994, V.5, No 3, pp. 4-17

³⁵ “Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries”, D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No 4, p. 76

functioning across the South Caucasus. As noted by J.M. Coston, “Regimes of all types may incorporate agencies and actors that are more cooperative or repressive than the overall regime”³⁶. Moreover, government cooperation with civil society in the field of anti-corruption will definitely contribute to promoting democracy and good governance, which, in its turn, will facilitate further state-civil society partnership in various fields. Since governments of the region did not meet expectations of the donor community in implementing anti-corruption reforms, national leadership of each country has to prove their commitment to fighting corruption and become more open to civil society participation, the lack of which is one of the main donors’ concerns.

Mutual trust: General mistrust between the state and civil society partners is a critical issue. It is caused by the limited information concerning civil society organizations: public officials have no time and opportunity to visit NGO websites on a regular basis. Many NGOs have no websites or information booklets, and therefore, media and rumors remain the main source of information about their activities. Media traditionally consider civil society organizations as “grant hunters”, so the media coverage of the NGO activities pay more attention on the budget rather than on the goals and objectives of their projects. Most government officials see civil society groups as rival ones competing with them to get donors’ attention and funding. Meanwhile, there are some cases of successful cooperation between the state and NGO representatives. The shared experience of collaboration will build trust and increase “...comfort level of both state and non-state

³⁶ “A Model and Typology of Government-NGO relationships”, J.M. Coston, *Nonprofit and Voluntary Sector Quarterly*, 1998, V. 27, No 3, p.364

participants...”³⁷. Trust cannot be build if both sides do not start cooperation. The more partnership projects are launched, the higher level of mutual trust can be achieved.

Legal framework: Though the countries of the region lack proper legislation on citizens’ participation in policy processes, still there are some legal provisions that allow two-way communication (not partnership) between the state and the public. Access to information and freedom of press are either not legally provided, or not very well grounded and effectively enforced, but still it is possible to obtain information from official publications, media reports, formal inquiries, etc. Though governments of three neighboring countries are not forced by legislation or practice to be accountable for the use they make of citizens’ inputs, yet civil society organizations can make it public through opposition media and donors and thus demand more accountability from governments. Partnership and lessons learned from working together will create demand for new legislation to be adopted through lobbying efforts of NGOs.

Capacity and resources: There is a lack of adequate financial, human and technical resources as well as appropriate skills and organizational culture both in the government and non-governmental sector across the region. However, policy partnership can start based on available expertise and resources. A number of NGOs became quite professional in some particular fields, they make policy recommendations and legal drafting, conduct serious research and monitoring projects, provide consultancy and other services, implement successful educational programs, increase public awareness through publications, presentations, demonstration of films, etc. They

³⁷ “Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries”, D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No 4, p. 75

also have an army of volunteers who are a valuable asset for any joint action. On the other hand, some public officials already have experience of cooperation with NGOs and are more open to further collaboration with non-state partners than those who lack such experience. All these factors should be taken into consideration while setting an agenda for policy partnership between the state and civil society and determining roles and responsibilities of all actors involved. Given the limited capacity and scarce resources, coordination and good management of joint activities is critically important.

Donors' support: Since national governments in the countries of the South Caucasus do not tend to actively seek out partnership arrangements with civil society, the primary role of donor community is "...to move governments to the point where partnerships become widely employed for policy implementation and development"³⁸. Donors should participate in setting up objectives and limits, roles and responsibilities in partnership projects. They seem to be willing to continue capacity building programs within the public sector and NGOs. Donors can support first steps towards policy partnership by providing technical assistance and professional policy advice, reviewing and evaluating the outcomes of state-NGO cooperation, demanding transparency and accountability of all participants, and increasing public awareness on recent developments. Coordination among donor organizations in the anti-corruption field will definitely increase effectiveness of policy partnership in combating corruption in the South Caucasus region.

³⁸ "Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries", D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No 4, p. 79

TAKING FIRST STEPS: TWO-YEAR ACTION PLAN

There are number of issues that should be taken into consideration to ensure a synergetic effect of policy partnership between the state and civil society. Some of them are: a) specification of objectives; b) identification of mechanisms for cooperation; c) determination of appropriate roles and responsibilities; and d) assessment of capacity to fulfill roles and responsibilities³⁹. Specification of objectives is a starting point for any partnership. In the case of combating corruption it can be problematic, because of politically sensitive nature of anti-corruption measures, broad range of vested interests, different levels of power and influence, etc. However, anti-corruption is one of the major components of policy reform agenda in the South Caucasus countries. Therefore, it would not be difficult to start with already adopted strategies and action plans, which could be changed if proven to be ineffective.

Mechanisms for civic participation could differ depending on political context, stage of policy partnership, maturity of working relations between state and non-state actors, specificity of objectives, etc. Some mechanisms described below⁴⁰ can be taken into consideration while designing the first steps of the anti-corruption policy partnership in the countries of the South Caucasus region:

³⁹ “Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries”, D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No 4, p. 61-65

⁴⁰ “Civic Participation in National Governance” (First Draft for Discussion), M. Gonzales de Asis and J. Acuna-Alfaro, *World Bank Institute Anti-Corruption Course*, p.5 (see http://www.worldbank.org/wbi/governance/ac_courses.htm)

- **Participatory workshops** – to encounter spaces between authorities and citizens with the objectives of identifying, analyzing, proposing, and prioritizing the most important problems.
- **Information and citizen complaint offices** – to provide useful information to citizens on public interest matters, on government mission, programs, execution of such, etc., and channel citizen concerns to respond to them in efficient form.
- **Sectoral collective action groups** – to form working groups of government officials and civil society representatives tied to certain sectors such as health, education, environment, etc., to analyze the situation of the sector and propose necessary changes.
- **Public audiences for accountability** – to summon public meetings by authorities to inform citizens on the fulfillment of their obligations and promises.
- **Public audiences for budgeting** – to allow civic participation in the formulation and the control of the budget, impose mechanisms of transparency and accountability of the use of public funds.
- **Citizen oversight committees** – to exert control of the execution of public works, striving for transparency and efficiency in the use of the resources.
- **E-citizens** – to ensure access to information for citizens for 24 hours a day, to have a one-stop shop/web portal where citizens can access government through Internet.
- **Government to citizen** – to make public agencies to serve citizens anywhere and anytime by having online interactions.

None of the above-listed mechanisms are enforced in the countries of the region, while “civil society participation” is included in all the anti-corruption strategies and action plans. Today, there are some evidences of organizing workshops and forming sectoral working groups with NGO participation. However, it usually happens under the pressure of international donor community, and government officials mostly do not take a civil society input seriously. A number of government agencies have websites, which mainly ensure only one-way communication (from government to citizens).

Before selecting particular mechanisms of cooperation and determining appropriate roles and responsibilities in the process of policy partnership, it is needed to identify areas for possible cooperation within the framework of anti-corruption reforms that are being undertaken in South Caucasus region. As discussed earlier, despite the absence of political will to really fight corruption in each of neighboring countries, there is a window of opportunity for civil society to be involved in the policy process. The next question is how interested South Caucasus NGOs can use such an opportunity and promote partnership with their governments?

The action plan for 2004-2005 introduced below incorporate both national and regional initiatives. It includes three main stages: building a ground, starting a dialogue and initiating a partnership (see chart below). If started from the national level, one organization or a core group of organizations should first take a lead in this process. Recognizing a leading role of National Chapters of Transparency International and their partner organizations in implementing anti-corruption projects across the region, it is assumed that they will be able to take such an

initiative. Given the fact that some research has been already done in all the countries of the region to assess the current situation in the field, identify the main problematic areas and indicate pervasive incentives for corruption, TI National Chapters in Armenia, Azerbaijan and Georgia, along with other partnering NGOs, can update all relevant information and develop both national and regional database on all government and NGO anti-corruption programs and activities, as well as interested donors.

Then, with support of donor organizations, a series of workshops should be organized to introduce NGO experience in the field at national and regional levels to government officials, donors, media, academia, etc. The main fields of expertise should be identified at workshops (e.g. access to information, budget transparency, monitoring of elections, public procurement, etc.). Participating NGOs should assess their capacity to participate in the policy process and demonstrate their ability to contribute to the success of anti-corruption reforms. After having national workshops, the leading groups of NGOs in each country should help form several working groups by field of expertise as well as national advisory councils comprised by NGO leaders, independent experts, journalists, etc.

Representatives of advisory councils and working groups should meet in Tbilisi, Georgia, to share experience at regional level and elect a regional coordinating council ensuring equal representation of each country of the region. Format and context of a manual or tool kit introducing best NGO projects should be discussed. Participants of the regional meeting will assign roles and responsibilities of those who will prepare that publication. Draft manual should

be discussed online and approved by all members of the regional coordinating council. It will be published in three native languages, Russian and English, and widely disseminated among all interested parties, including government officials and donors. Manual can be used, along with other training materials, for capacity building programs initiated by advisory councils in each neighboring country and funded or co-funded by donors. Thus, a solid ground will be build to start a dialogue between the state and NGOs.

The next stage will be accompanied by launching pilot evaluation projects to assess the implementation of anti-corruption reforms by NGO working groups under the supervision of national advisory boards and suggest innovative ways to address the problems of inefficiency that will include concrete proposals concerning NGO participation in the policy process. Evaluation should be carried out with support and participation of the appropriate government institutions. Publication of the evaluation results in native, Russian and English languages will be distributed across the region.

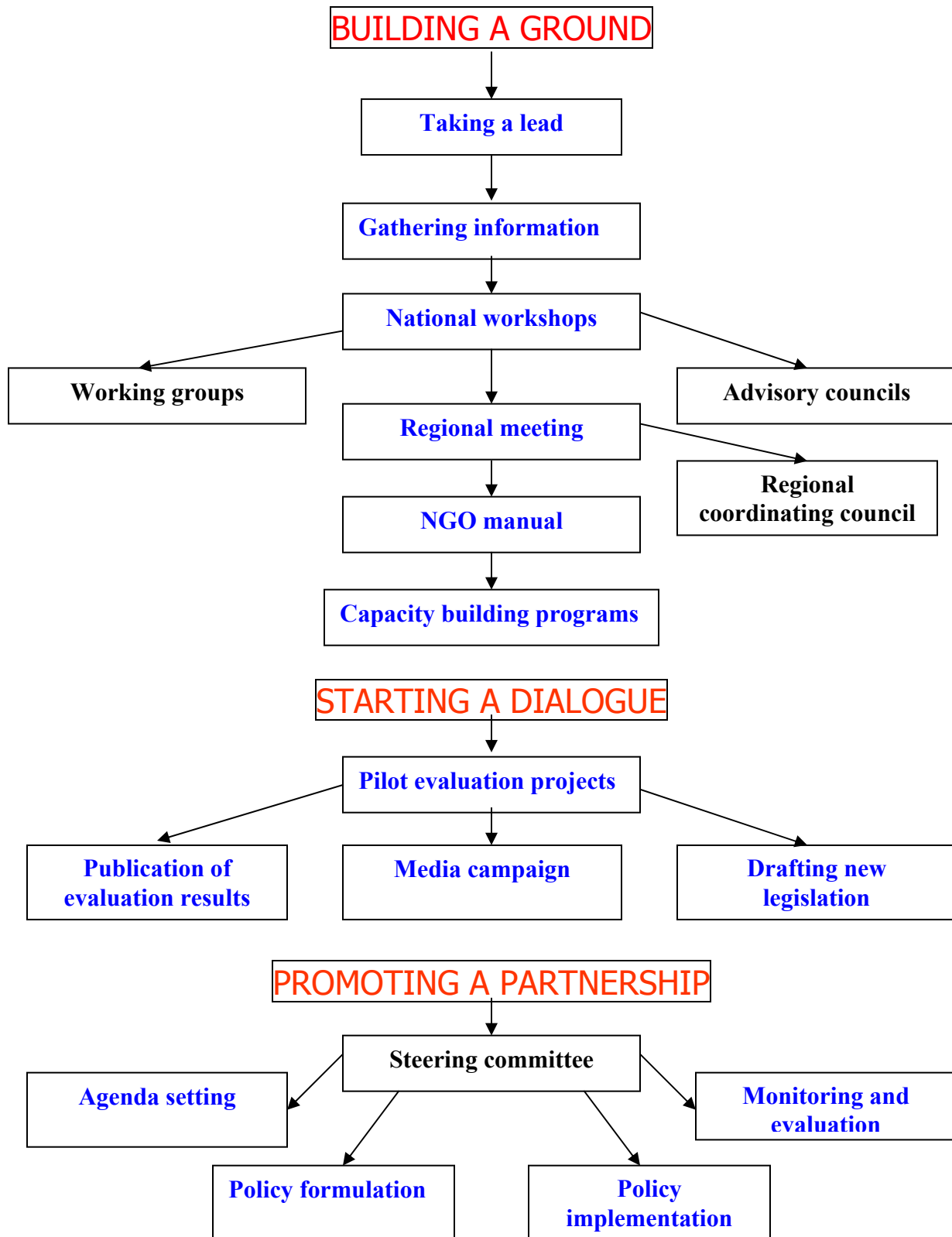
In parallel, a broad media campaign should be prepared and carried out by NGO groups under the coordination of advisory councils on the necessity and importance of policy partnership for the success of anti-corruption initiatives. Media campaign assumes TV and radio programs, articles, films, etc. at regional level as well, with assistance of companies and programs involved in regional cooperation. Since a legal framework for ensuring access to information and protecting citizens' rights to participate in the policymaking is not grounded in law (or if so, it is practically not enforced) in all the countries of the South Caucasus, a new legislation or

amendments to the existing one is strongly needed. They should be drafted by NGO working groups and advisory council members, with legal consultancy provided by donors. Local experts of the parliamentary commissions or representatives of legal departments of government institutions will be helpful in adjusting drafts to local conditions. New legislation initiatives should be also presented and discussed through media campaign.

Success of a final stage is pre-conditioned by trust built by NGOs through showing the results of their activities and involving state actors in a policy dialogue as well as by effective mechanisms of state-non-state cooperation identified through two initial stages based on regional NGO experience. By that time, it is critical to have adopted or at least considered new legal framework to facilitate accessibility of information and public participation in policy process. Equally important is to assess actual capacity of all parties involved and determine appropriate partnership roles.

All this can be done by a steering committee formed in each country by representatives of the government and civil society who will jointly develop a concrete action plan for cooperation at all stages of policy process related to the country's Poverty Reduction Strategy Program, National Anti-Corruption Strategy, etc. It can also coordinate all related activities, in cooperation with donors, to avoid duplication of efforts. Committee will be responsible for making the government accountable for the use of NGOs inputs and open to external scrutiny and review by NGO experts. Regional coordinating council will ensure regular consultations among national working groups, advisory councils and steering committees to learn from each other in furthering policy partnership in the field of anti-corruption across the South Caucasus region.

2004-2005 ACTION PLAN:



CONCLUSION

The emergence and growth of civil society over the past decades is one of the most important trends in development processes. Civil society actors are not only delivering social services and implementing innovative programs, but are also playing a crucial role in the policy debates. Successful state-civil society partnership in designing, formulating, implementing and evaluating anti-corruption policy reforms in all developing and transitional countries, including the South Caucasus region, can result in better policy-making and more effective struggle against corruption. This will also facilitate policy partnership on other issues through making government institutions more transparent, participatory and accountable.

Civil society and state actors will increase their capacity to work effectively with one another. Better mobilization of human and financial resources may be ensured and better organizational culture be developed both in the public and NGO sectors. Lessons learned and best practices of cooperation in promoting anti-corruption reforms can be applied to other fields as well. Regional anti-corruption initiatives will promote the South Caucasus cooperation and confidence building among civil society representatives of neighboring nations.

However, there are some possible risks associated with this process. These are the following: the government resistance; the lack of donors' support and understanding; poor coordination and management; the lack of appropriate knowledge, skills and resources; dependence from the government and/or donors' agenda; ineffective formal structures, procedures and mechanisms for partnership; no government accountability in the use of NGOs input; risk for NGOs to be

used or discredited by government officials, etc. There are no guaranteed outcomes and measurable progress because of complexity of corruption-related issues. Political dynamics, social and other conflicts, power discrepancies as well as donors' change of priorities can intervene.

Despite of a great number of truly committed and like-minded NGOs activists who are eager to strengthen their capacity and promote organizational development of the sector, civil society in the region might be "...ill-prepared for a rapid expansion of activity and responsibility"⁴¹. NGOs in the South Caucasus countries are diverse, but yet not very well developed and organized. Most of them lack high professional and ethical standards, while some became highly politicized. Often, NGO leaders have no common understanding of their role in anti-corruption policy process. The lack of consensus among NGOs can cause problems at all stages of policy partnership.

Donors' assistance is critical to ensure institutional development of NGO sector in the South Caucasus. Support of donor community remains one of the key elements in promoting effective policy reforms through state-civil society partnership in the field of anti-corruption. If the main international organizations and diplomatic missions in the countries of the region form a joint task force to fund, coordinate and monitor all the proposed activities aimed at building a ground for policy dialogue and thus help promote policy partnership, it would ensure success of implementation of the abovementioned action plan.

⁴¹ "Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries", D. W. Brinkerhoff, *Nonprofit and Voluntary Sector Quarterly*, 1999, V. 28, No 4, p. 83

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