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Veröffentlichungsversion / Published Version
Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:

Korkia, I. (2023). Opportunities for Corruption Created by COVID-19: The Case of Georgia. *Caucasus Analytical Digest*, 131, 3-7. <https://doi.org/10.3929/ethz-b-000591398>

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Opportunities for Corruption Created by COVID-19: The Case of Georgia

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DOI: 10.3929/ethz-b-000591398

Abstract

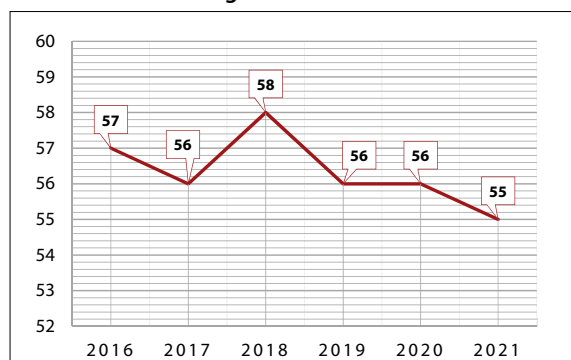
Georgia, once a successful example of how a newly independent state can fight corruption, has seen a rise in potentially corruption-related activities during the COVID-19 pandemic. The main reasons behind that are weak democratic institutions and an unstable system of checks and balances. This article is concerned with two specific areas in which numerous reports have identified suspicious activities involving relationships between government officials and private companies. These two areas are (1) the simplified state procurement procedures related to the healthcare sector and quarantine zones and (2) the vaccine deployment process. Due to the absence of any full-scale investigation into the matter, the effectiveness of the Georgian government's anti-corruption measures cannot be determined. However, using simplified procurement procedure to transfer large sums of taxpayers' money to businesses connected with the Georgian ruling party as well as significant flaws in the COVID-19 National Vaccine Deployment Plan raises important questions that still remain unanswered.

'Opportunities to engage in corruption are particularly high in emergency contexts, where controls are weak, funding levels and media pressure are high'
(Schultz/ Søreide, 2008: 3)

Introduction

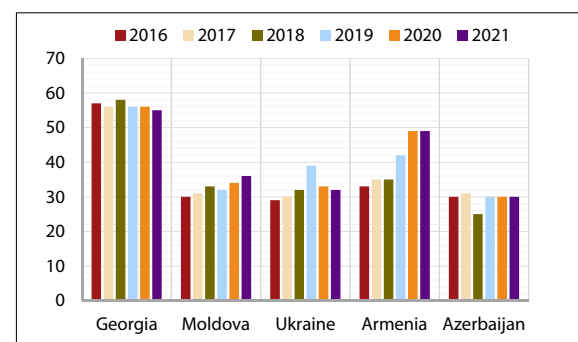
Over the last 30 years, Georgia has been called both one of the most corrupt states in Eurasia (Berglund/ Engvall, 2015) and 'the best corruption-buster in the world'.¹ Today it would be hard to put Georgia in either of those two categories. According to Transparency International's Corruption Perception Index (CPI)², Georgia's score worsened by one point in 2021 compared to 2020, dropping to the lowest point of the past five years. Georgia thereby ranks 45th out of the 180 states which are part of the CPI. However, despite the recent decline in the ranking, Georgia is still ahead of other post-Soviet states in the region.

Figure 1: Corruption Perception Index 2016–2021 for Georgia



The graph below demonstrates how Georgia's CPI values compared to Moldova, Ukraine, Armenia, and Azerbaijan between 2016–2021. As we can see, the only two countries that have experienced a significant improvement according to the CPI were Moldova and Armenia, which went from 30 and 33 points to 36 and 49, respectively. Azerbaijan's position remained relatively the same with the exception of the year 2018, when the score dropped from 31 to 25 in just one year. The closest country to Georgia out of those listed below is Armenia, which ranked 58th in 2021.³ Therefore, although Georgia is by far not the most corrupt state in the region, and indeed leads among the region's other post-Soviet countries, it still has a long way to go to establish itself as a frontrunner in the global fight against corruption.

Figure 2: Corruption Perception Index 2016–2021 for Georgia, Moldova, Ukraine, Armenia, and Azerbaijan



See Table 1 on p. 7 for the data used for this chart.

¹ 'Lessons from Georgia's fight against graft', The Economist, 7 February 2012. Available at: <https://www.economist.com/eastern-approaches/2012/02/07/lessons-from-georgias-fight-against-graft> (accessed 8 September 2022).

² The results are given on a scale of 0 (highly corrupt) to 100 (very clean).

³ 'Corruption Perception Index 2021', Transparency International. Available at: <https://www.transparency.org/en/cpi/2021> (accessed 8 September 2022).

The global pandemic has affected not only the lives of ordinary Georgians, but also the ways political elites run the state and often abuse their power due to a lack of transparency and anti-corruption instruments. In Georgia, just like elsewhere, people were so thrilled in summer 2022 to be back to normal life that hardly anyone wanted to demand answers from the government on the questions of management that accumulated during the pandemic. This article examines two areas that have been the subjects of concern of the largest international organisations and NGOs operating in Georgia, namely simplified state procurement procedures and the COVID-19 vaccine deployment process.

Simplified State Procurement and Embezzlement of State Funds

The sudden emergence of the coronavirus pandemic, followed by often radical and large-scale measures from the authorities, had numerous consequences for societies across the world. Countries like Georgia, with relatively weak democratic institutions and an unstable system of checks and balances, often had difficulties understanding these risks and taking appropriate measures and strategies to address them (Lebanidze, 2017). Transparency International,⁴ the Council of Europe,⁵ and the Organisation for Economic Co-operation and Development (2020), just to name a few, have highlighted the most common challenges that countries can face during times of crisis and given recommendations on how to avoid abuses of power. There are many existing best practices for delivering the needed services to citizens in times of crisis and state emergencies. However, the Georgian government, as it will be argued in this article, had its own ways of dealing with the global pandemic that greatly affected Georgia, rather than following international guidelines.

A good example of this is the decision of the Georgian ruling party to choose so-called simplified state procurement procedures over more transparent and efficient

electronic tenders.⁶ Government officials did not provide any credible justification to explain why the simplified state procurements were chosen over more efficient electronic tenders, other than that all the measures were taken in the best interest of the Georgian population.⁷ Transparency International states that simplified procurement procedures not only eliminate fair competition and give advantages to companies with political connections, but they also make the services more expensive and reduce their quality.⁸

In 2020 and 2021, especially during the state of emergency that lasted from 21 March to 23 May 2020, there were a large number of suspicious and non-competitive state procurements between the ruling party 'Georgian Dream' and number of companies with owners known for being donors of the Georgian Dream party and/or linked to public officials (Koryakina/ Jolokhava, 2020). Between 1 June 2020 and 31 December 2021, Georgian government agencies signed around 21,000 large simplified public procurement contracts with a total value of about USD 627 million.⁹ Forty-two percent thereof, or around USD 263 million, was spent on simplified procurements for COVID-19-related needs (Koryakina/ Jolokhava, 2020). According to a report by Transparency International Georgia and the Open Society Foundations, USD 57.5 million of the USD 627 million in simplified procurements were obtained by major donors of the ruling party and its presidential candidate, Salome Zurbishvili. Another topic of concern for international organisations has been the obtaining of contracts by newly founded companies (companies registered for less than six months). More specifically, between 1 June 2020 and 31 December 2021, 192 newly founded companies were given contracts worth USD 3.3 million, of which 22 companies obtained contracts less than 10 days after they were founded.¹⁰

These procurements following simplified procedures were primarily distributed between procurements in the healthcare sector and procurements to establish and run

4 'Preventing Corruption During the Pandemic: Challenges and Recommendations', Transparency International, 20 May 2020. Available at: <https://transparency.ge/en/post/preventing-corruption-during-pandemic-challenges-and-recommendations> (accessed 8 September 2022).

5 'COVID-19 pandemic: GRECO warns of corruption risks', Council of Europe, 21 April 2020. Available at: https://www.coe.int/en/web/tbilisi/home/-/asset_publisher/oc8KQ78XEbs/content/covid-19-pandemic-greco-warns-of-corruption-risks?inheritRedirect=false&redirect=https%3A%2F%2Fwww.coe.int%2Fen%2Fweb%2Fbilisi%2Fhome%3Fp_id%3D101_INSTANCE_oc8KQ78XEbs%26p (accessed 8 September 2022).

6 'Public Procurement', Transparency International. Available at: <https://www.transparency.org/en/our-priorities/public-procurement> (accessed 8 September 2022).

7 Gogiashvili, M. (2020) 'COVID-19-related simplified procurements'. Georgia: TV 25. Available at: <https://www.youtube.com/watch?v=IOx2zpkkL5o>.

8 'Public procurement', Transparency International. Available at: <https://www.transparency.org/en/our-priorities/public-procurement> (accessed 8 September 2022).

9 This article interchangeably uses U.S. dollars (USD) and Georgia Lari (GEL) as currency measures. The author uses current exchange rate throughout the article—\$1 USD equals 2.71 GEL.

10 'Simplified Public Procurement during COVID-19: The analysis of basic data and risks of corruption', Transparency International/ Open Society Foundation, 29 March 2022. Available at: <https://osgf.ge/en/simplified-public-procurement-during-covid-19-the-analysis-of-basic-data-and-risks-of-corruption/> (accessed 8 September 2022).

quarantine facilities. The detailed analysis of the simplified procurements in the healthcare sector carried out by Bellingcat (2020) and the Institute for Development of Freedom of Information (2020) show that a large amount of state budget funds was transferred through the simplified procurements to the handful of companies who have either donated to the Georgian Dream party and/or are affiliated with high-ranking government officials. According to the report by the Institute for Development of Freedom of Information (2020), simplified procurements in the healthcare sector caused a series of problems. The biggest one is the risk that the companies affiliated with the ruling party would receive the majority of state funds. Secondly, in the case of simplified procurements, it is often impossible to assess the quality of the product purchased because the product specification is not being documented. Although there is no hard evidence to say that these companies who signed the simplified procurement contracts did not fulfil their obligations outlined in the contracts, the lack of transparency in the process of procurement raises many questions. It is even more suspicious when a week-old company receives large sums of taxpayer money for services during a worldwide pandemic.

An agreement regarding quarantine sites, published on 20 March 2020, that obliged all citizens entering Georgia to be quarantined for two weeks under the supervision of doctors opened possibilities for yet another source of corruption. The Georgian National Tourism Administration signed contracts in the amount of about US \$8.5 million (Koryakina/ Jolokhava, 2020). Soon after that, a popular Georgia media project, Fact-Check.ge, which works toward measuring the factual accuracy of the public statements of politicians and verifies fake news, published detailed information on the aforementioned contracts.¹¹ The report was later followed by the investigation by Bellingcat (2020), which brought to light the same pattern of potential corruption schemes as with the procurements in the healthcare sector. Owners of many of those hotels which signed contracts with the government had donated significant amounts of money (about 500,000 GEL, or around US\$180,000) to either the Georgian Dream party or the president, Salome Zourabichvili between 2016–2020. Seemingly in return, these hotels secured contracts with a total value of over US\$1.3 million only in the period March–May 2020 (Koryakina and Jolokhava, 2020).

Another issue is the embezzlement of state funds by hospitals. Based on the findings of an investigation conducted by the Labour Inspection Service of Georgia, staff members of at least 86 of the 110 hospitals investigated (or 78%) did not receive raises from the government. On the other hand, it has been reported that several of these clinics' directors and deputy directors have increased their salaries by five to ten times through the illegal use of state funds. Zurab Azarashvili, Georgia's current Minister of Internally Displaced Persons from Occupied Territories, Labour, Health and Social Affairs, confirmed these violations.¹² Until the investigation has been completed, the Labour Inspection Service will not provide any additional information. According to the Labour Inspection Service, the hospital and individuals responsible will, however, face harsh penalties if found guilty as a result of an investigation and it is possible that hospitals will be required to return the funds to the state budget after the full investigation is completed.

Vaccine Deployment

The vaccine deployment process was another area of the fight against COVID-19 that allowed corruption to flourish in Georgia. The report on the lack of integrity and anti-corruption measures in Georgia's first COVID-19 Vaccine Deployment National Plan was published by Transparency International on 2 March 2021.¹³ The report outlined several key flaws in the first iteration of the National Plan. The main issue with this document was the complete absence of any corruption-related risk assessment or safeguards against dishonest actions. Additionally, the report found that the vaccine deployment plan, as it was related to such a sensitive topic, should have included a section on prevention, detection, and response to abuses of delegated authority by the state to those individuals and institutions involved in the immunization process (for example, municipal bodies, vaccinators, mobile crews, healthcare centres, etc.).

There are three primary reasons for this absence:

- The vaccine (at least in Spring 2021) was a product that was difficult to obtain while the demand remained high.
- The scale of immunisation made it necessary to distribute authority to many individuals and institutions with a weak system of checks and balances, thus increasing the risk of corruption-related violations.

11 'ტურიზმის ეროვნულმა ადმინისტრაციამ, მოქალაქეების საკვანძო სივრცეებში განთავსების მიზნით, კომპანიებთან 26 432 000 ლარის ღირებულების ხელშეკრულებები გამართივებული წესით გააფორმა' [The European Tourism Administration has signed contracts with companies worth GEL 26,432,000 for placement of citizens in quarantine areas in a simplified manner], FactCheck.ge, 13 May 2022. Available at: <https://factcheck.ge/ka/story/38456> (accessed 8 September 2022).

12 'შემოწმებული კლინიკების 78%-ში პერსონალისთვის გამიზნული დანამატი არ გაუციათ' [In 78% of hospitals staff members did not receive additional funding], negtazeti.ge, 6 May 2022. Available at: <https://netgazeti.ge/life/609257/> (accessed 7 October 2022).

13 'Georgia's National Plan for COVID-19 Vaccine Deployment Lacks the Integrity Component', Transparency International, 2 March 2021. Available at: <https://transparency.ge/en/blog/georgias-national-plan-covid-19-vaccine-deployment-lacks-integrity-component> (accessed 8 September 2022).

- The need to involve additional external individuals in the immunisation system to meet the set goal of immunising 60% of the population by the end of 2021. At the beginning of the immunisation process, the Georgian healthcare sector did not have enough trained staff. This was necessary to administer the number of vaccines per day required to reach the 60% mark. With all these risks in mind, the first version of the National Plan made no mention of corruption, integrity, or response to violations whatsoever. Although there was a hotline, its only function was to provide information, rather than serving as a platform for reporting violations and dishonest actions. Since the report by Transparency International went public, the Georgian government updated the National Plan twice. The second iteration of the report, published on 12 April 2021, immediately addressed several shortcomings of the earlier document by including a chapter titled 'Corruption Prevention Measures'. For example, the aforementioned hotline could now be used to report violations.

Most of the newly added chapters, however, remained vague and transferred responsibility to different government agencies without specifying if any new measures had been taken or if the personnel had been properly trained to appropriately address possible violations. Even the latest version of the National Plan, published on 24 April 2022, did not address several recommendations outlined in the Transparency International Report such as 'adding the integrity component to the training program provided for by the immunization plan'.¹⁴ This component should have been based on assessing corruption risks and training participants on how to act if they encounter a violation. Secondly, the national plan still did not adhere to the principle of complete transparency: most of the contracts related to vaccination have not yet been published. However, on a more positive note, the information on the vaccinated population, daily vaccines distributed and other relevant details are to this day constantly being updated on the National Center for Disease Control and Public Health website.¹⁵

It is hard to assess the effectiveness of those changes made in the 2nd and 3rd iterations of the National Plan, as no significant corruption scheme related to the vaccination deployment has been uncovered. However, several individuals have been charged for selling fake COVID-19 'Green Passports' to non-vaccinated individuals, as

well as using forged certificates of negative test results of COVID-19 laboratory examination.¹⁶

Conclusion

'Corruption's such an old song that we can sing along in harmony'

Hamilton: An American Musical

Due to the lack of transparency and anti-corruption instruments, numerous reports have identified simplified procurement and vaccine deployment as two possible sources of corruption. As has been demonstrated above, most questions when it comes to simplified procurements arise from suspicious activities in the healthcare sector and quarantine zones. Due to the decision of the Georgian government to choose simplified procurement procedures over online tenders, a large amount of Georgian taxpayer money went to companies which had donated large sums to the ruling Georgian Dream party, or candidates supported by them.

Another significant opportunity for corruption was the COVID-19 vaccination deployment process. The first version of Georgia's COVID-19 Vaccine National Deployment Plan became a subject of criticism soon after it was published. The reason: an absence of an anti-corruption component in the document, thus leaving open the possibility that future corruption cases would go unreported. While the next two updates of the National Plan included several recommendations made by international organisations, they did not fully adhere to international practices and guidelines.

Overall, due to the absence of any full-scale investigation into the possible corruption cases related to either simplified procurements in the healthcare sector, quarantine zones, or the COVID-19 vaccine deployment process, it is hard to assess the effectiveness of the mechanisms put in place by the Georgian government. What has been similar between the simplified procurements and vaccine deployment process: no investigation has been carried out with regard to the involvement of high-ranking government officials or state agencies in the corruption schemes, despite the numerous warnings by the international organisations as described above (or at least there is no information publicly available about them). However, that is not surprising given that the ruling party in Georgia is still in control of the three branches

14 'Georgia's National Plan for COVID-19 Vaccine Deployment Lacks the Integrity Component', Transparency International, 2 March 2021. Available at: <https://transparency.ge/en/blog/georgias-national-plan-covid-19-vaccine-deployment-lacks-integrity-component> (accessed 8 September 2022).

15 See: <https://vaccines.ncdc.ge/statistics/>.

16 'The Prosecution Service indicts 12 persons for making and using forged COVID-passports and forged certificates of negative results of COVID laboratory examination', Prosecutor's Office of Georgia, 26 October 2021. Available at: <https://pog.gov.ge/en/news/prokuraturam-yalbi-kovid-pasportebis-da-koronavirusis-laboratoriuli-kvlevis-uaryofiTi-shedegebis-ams> (accessed 7 September 2022).

of government, including the judiciary.¹⁷ Therefore, this article could go only as far as collecting all the investigation reports published by the largest international organisations and NGOs operating in Georgia. What all these reports show is the absence of anti-corruption instruments and the decision of Georgian Dream to follow their own, often less-transparent agenda, rather than international guidelines and best practices.

To predict whether these developments will result in more corruption or not have any significant long-term effects, we need to consider the state of Georgian democratic institutions. In particular, Georgia's closest allies, the United States and the European Union, are often

deeply critical of its weakened system of checks and balances and captured judiciary system (Lebanidze, 2017).¹⁸ Georgia is, of course, not the only country in the world where the ruling party engages in suspicious economic and political activities, enacting unjustified regulations and then use them to their advantage. However, in the absence of necessary democratic reforms to strengthen state institutions, the events of the past 2–3 years may create a dangerous precedent that future governments and influential individuals may be able to use to undermine anti-corruption mechanisms and destroy decades of effort Georgians have invested in fighting corruption.

About the Author

Irakli Korkia holds a joint Master's degree in Central and East European, Russian and Eurasian Studies from the University of Glasgow (UK), Jagiellonian University in Cracow (PL), and Tartu University (EE) and a Bachelor's degree in International Relations from the Free University of Tbilisi. Irakli is a Research Fellow at the Europe-Georgia Institute in Tbilisi.

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Table 1: Data for Figure 2 on p. 3: Corruption Perception Index 2016–2021 for Georgia, Moldova, Ukraine, Armenia, and Azerbaijan

Year	Georgia	Moldova	Ukraine	Armenia	Azerbaijan
2016	57	30	29	33	30
2017	56	31	30	35	31
2018	58	33	32	35	25
2019	56	32	39	42	30
2020	56	34	33	49	30
2021	55	36	32	49	30

17 'Is Georgia a Captured State?', Transparency International, 11 December 2020. Available at: <https://transparency.ge/en/blog/georgia-captured-state> (accessed 20 July 2022).

18 'კელი დეგნანი – სანამ არ იქნება რეფორმები სასამართლო სისტემის გასაუმჯობესებლად, მოსამართლეების დანიშვნის პროცესი უნდა შეჩერდეს' [Kelly C. Degnan—The process of appointing judges should be halted until reforms are implemented aimed at enhancing the judiciary system], InterPress News, 22 June 2021. Available at: <https://www.interpressnews.ge/ka/article/662048-keli-degnani-sanam-ikneba-repormebi-sasamartlo-sistemis-gasaumjobeseblad-mosamartlebis-danishvnis-procesi-unda-shecherdes> (accessed 7 October 2022).