

EaP Think Bridge

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Eastern Partnership monthly analytical digest

Realities and challenges of anti-corruption policy in Georgia



How did the Georgians manage with an issue all their neighbors have been long struggling for?

EU visa liberalization played a crucial role in anti-corruption reforms.
Tbilisi celebrates visa free regime.

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EaP Think Bridge is a platform uniting expert communities in the countries of Eastern Partnership region to fill the gap in distributing analytical products for stakeholders

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Window to Europe

February can be described as a month of the active exchange between the Eastern Partnership countries and the European Union. It was precisely the negotiations with European leaders that turned to be the main point of the foreign policy agenda for almost all the countries in the region. However, each round of negotiations had its nuances and what is more, completely different results

Having gone through all lengthy bureaucratic procedures, Georgia finally received a positive decision on visa-free travel to European Union. Moreover, an approval of a suspension mechanism of visa-free regime for the third countries opened a way to a visa-free regime for Ukraine as well.

Economic issues were at the core of the discussions held during the Azerbaijani President's visit to Brussels. Meanwhile, Armenia got a sterling opportunity — a second chance in relations with the EU — after finishing the negotiations on the new frame agreement. After the Armenia's shift to the Eurasian Economic Union in 2013 such a result opens new perspectives not only for Armenia but for the united Europe as well.

As for the newly elected Moldovan President's trip to Belgium, mainly his statements on the necessity to minimise the relations with the EU and expand the cooperation with the Eurasian Union got most attention.

At the same time, the region maintains a high level of tension. The end of February was marked with the new outbursts of the Nagorno-Karabakh conflict. Both Ukrainian foreign and domestic policy agendas were formed under the influence of the situation in Donbas and the Ukrainian-Russian relations. For Belarus the month turned to be rather turbulent due to the mass protests and a testing socio-economic background.

As for the most important events of the month in the countries of the Eastern Partnership, let us offer you a brief and substantive monthly reviews by the experts from all of the six countries.

Corruption and Georgia's successful case in fighting one of the biggest problems in the region became the focus of the analytical article of the month. How did the Georgians manage with an issue all their neighbors have been long struggling for? What made Georgia a leader in the anti-corruption ratings? What Georgian experience could be of use for other countries? Lasha Tughushy, Liberal Academy Tbilisi, provides the answers.

Are you ready to share your expertise on any important socio-political issue of the Eastern Partnership region? We are open to publishing it as a "Guest Expertise" and strongly encourage you to send the texts to info@prismua.org.

Olga Chyzhova,
Editor in Chief
EaP Think Bridge Digest

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Armenia: Preparing for the polls

Richard Giragosyan, Regional Studies Center (Armenia, Yerevan)

In February Armenia faced renewed fighting over Nagorno-Karabakh, although the country managed to conclude a new agreement with the EU.



The new legal framework agreement discussed during the official state visit of the Armenian President to Brussels.

Photo by consilium.europa.eu

DOMESTIC POLICY

Two serious challenges

With Armenian voters set to go to the polls in order to elect a new parliament on 2 April, the country has once again become immersed in primitive politics, with little in terms of policy alternatives and even less as fresh ideas. With a record of tainted elections, when it comes to an average Armenian citizen the ballot is usually met with a degree of frustration and resignation. And as politics in Armenia have been long dominated by strong personalities with weak policies, most voters have become accustomed to having little choice and no voice in determining the outcome.

Moreover, before the ruling Republican Party was dangerously over-confident in its ability to garner an overwhelming majority of seats in the new parliament. However, unlike that in the past, with this election, there may be a surprise in store for the government. More specifically, beyond an electorate that is no longer con-

tent with flawed elections. And with apathy replaced by activism, the risk of instability following another tainted election is especially serious. This is also affirmed by an unexpected level of unrest in the country's violent two-week hostage standoff in July 2016 and confirmed by the deepening level of simmering discontent in Armenia.

On the other hand, the incumbent party is challenged by a new opposition coalition, "Yelk" (or "Exit"), that offers a fresh set of younger faces. It may be too soon for this new opposition coalition to gain more than a small, yet significant, number of seats in the new parliament though. Nevertheless, this force does represent the political future and bears watching. At the same time the oligarch-led "Prosperous Armenia" party is the "stalking horse" of Armenian politics. It may end up undercutting support for the Republicans, especially as they recruit defectors, including, most notably, the former Prime Minister Hovik Abrahamyan.

ECONOMY

Reforms: too little, too late?

In addition to the domestic political tension, the fragility of the Armenian economy, driven by a serious reduction in remittances from abroad (mainly from Russia), and widening disparities in wealth and income suggest yet another internal crisis looming large for the country.

In response, the government is intent on accelerating reforms, improving tax collection and seeking a new round of external financing. Yet these measures, which do little to combat the country's entrenched corruption, may be too little too late to hold off a serious economic downturn.

For Armenian Prime Minister Karen Karapetian, however, the priority is to target corruption through a

sweeping reform of the tax code, which is supposed to put an end to "endemic" corruption carried out by "unhealthy elements" within the tax and customs service. Yet the bigger challenge for the prime minister will be to meet higher expectations for the economy. And it was the premier himself who raised the bar for these expectations, most dangerously with his promises for significant new investments, based on claims that he is considering some \$8.5 billion in investment proposals. This will be very hard, especially as foreign direct investment (FDI) in Armenia has rapidly fallen, most recently declining by almost fifty percent in January-September 2016, to a meager \$93 million.

FOREIGN POLICY

The risk of renewed hostilities

For Armenia, foreign policy once again was determined by the escalating risk of renewed hostilities over Nagorno-Karabakh, as serious fighting broke out on 24-25 February when Azerbaijani military reconnaissance units launched a limited operation targeting the south-eastern and eastern sections of the heavily militarized "line of contact." The Azerbaijani operation was more than the usual probe of defensive positions, but involved a targeted mission to conduct more in-depth reconnaissance after overcoming a small minefield. The operation was fairly quickly discovered, however, and resulted in [at least five Azerbaijani casualties](#) before being fully repulsed in a more serious counter-offensive.

This latest escalation follows a pattern of increasingly intense clashes in the previous few weeks despite an earlier period of relative calm since heavy fighting in April 2016. And as the risk of renewed hostilities over Karabakh is clearly escalating, a repeat offensive by Azerbaijani forces within the coming two months is ever more likely. Similar to April 2016 offensive, the temptation for Azerbaijan to seek a repeat military success, aimed at seizing and securing territory and combined with the effective distraction from Azerbaijan's domestic economic problems, suggest a dangerous and destabilizing fresh round of fighting.

However, there are two distinctly different factors that will limit potential gains from any renewed offensive by Azerbaijan. First, the element of surprise is no longer an advantage. And second, the defending Armenian and Karabakh sides are better equipped to repulse any attack.

Therefore, the next round of fighting may be more deadly, as the Azerbaijani offensive will quickly stall, becoming more of a drawn out battle of attrition that may trigger the deployment and use of more deadly offensive weapon systems, including artillery, multiple launch missile launchers and (rotary wing) air power. Sadly, as diplomacy remains deadlocked, there is no real deterrence to such a scenario.

Armenia-EU: A rare "second chance"

However, there was some good news as well, as the final stage of negotiations over a [new legal framework agreement](#) enhancing Armenia's relations with the EU concluded late on 26 February. Timed with the official state visit of the Armenian President to Brussels, this new agreement represents a rare "second chance" for Armenia "to restore, regain and rebuild relations" with the EU. This is especially important after the 2013 decision of the Armenian President to sacrifice the earlier Armenia-EU Association Agreement in favor of committing Armenia to join the Russian-led Eurasian Economic Union.

For Armenian Prime Minister Karen Karapetian the priority is to target corruption through a sweeping reform of the tax code

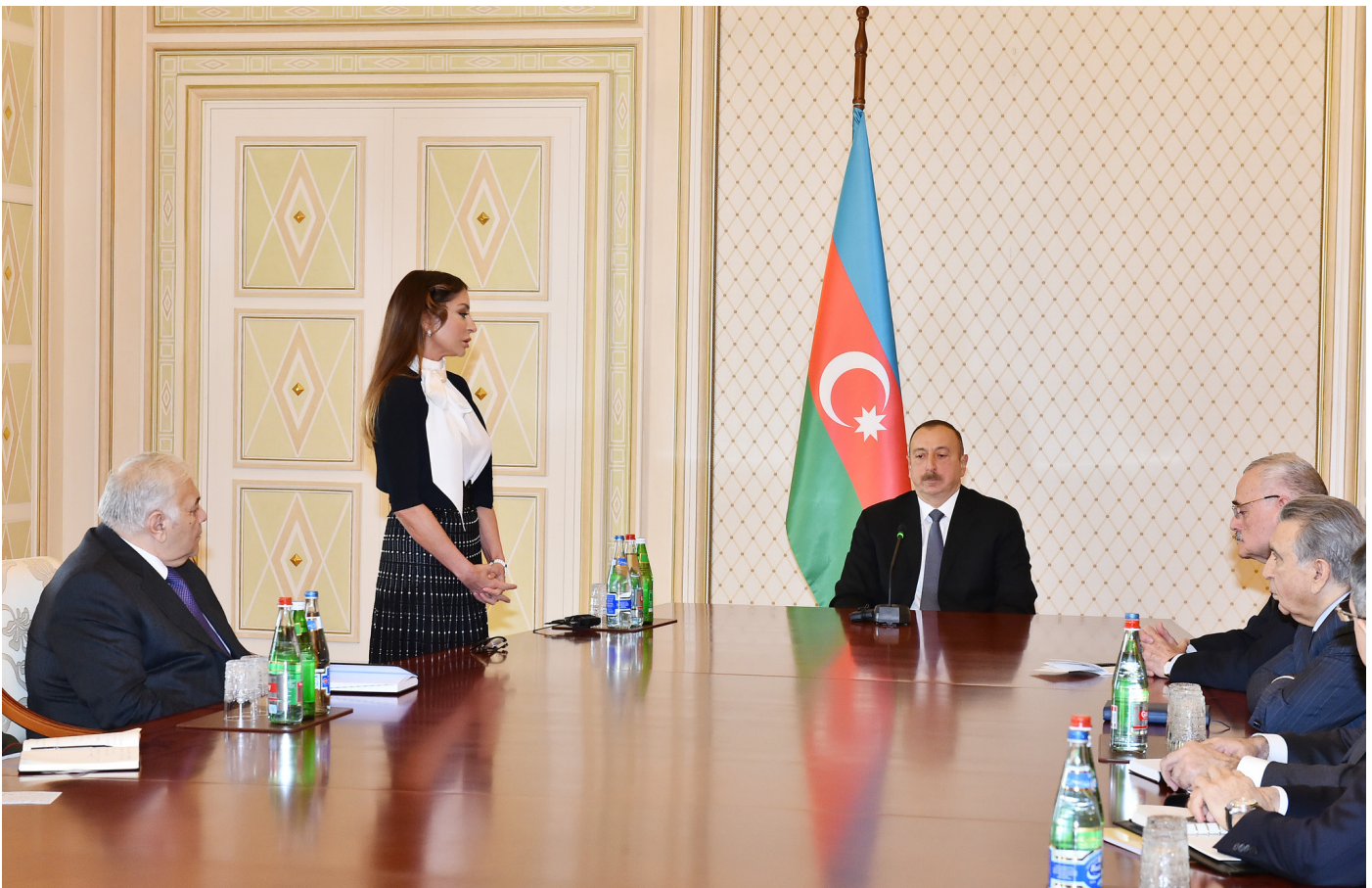
The new agreement is a strategic achievement for Armenia, and also for the EU, as a demonstrable success for the Eastern Partnership program. And unlike 2013, Russia is likely to allow this to proceed for several reasons. First, the agreement is not a threat to Moscow, as it is not an Association Agreement and with Armenia now being a part of the Eurasian Economic Union, hence, it is ensured that Moscow retains substantial leverage over Armenia.

In addition, this round of negotiations also represents a different time and different context, as in 2013 when Armenia was merely a "sacrificial pawn" for Moscow to send a strong message to other former Soviet states. And the third factor stems from the possibility of the new agreement being seen in Moscow as a way for the Eurasian Economic Union to garner greater credibility in the notable absence of being taken seriously even by its members.

Azerbaijan: On the way to economic recovery?

Vugar Bayramov, Center for Economic and Social Development (Azerbaijan, Baku)

In February Azerbaijan experienced the first signs of economic recovery: following oil prices, national currency rate went up. Meanwhile, new appointments and structural changes promise the intensification of reforms.



President Aliyev appointed his wife and the first lady of the country, Mehriban Aliyeva, the first vice-president.

Photo by president.az

DOMESTIC POLICY

First lady turned into the First Vice President

Upon President Aliyev's [decree](#), his wife and the first lady of the country, Mehriban Aliyeva, took the post of the first vice-president. Mrs Aliyeva had previously been active in political matters. She is currently a Member of Parliament, a deputy chairwoman of the ruling New Azerbaijan Party, and the head of the Heydar Aliyev Foundation. The appointment of Mrs. Ali-

yeva will lead to fastening of economic and political reforms as she is considered to be the representative of the reformist group.

The Conflict over Nagorno-Karabakh continues to take lives

Another military escalation between Armenia and Azerbaijan took place from 25 till 27 February. Azerbaijan announced the loss of 5 soldiers during

the escalation. The status quo has not been stable during the recent years and the conflicting parties could not find common ground. Under these circumstances, the military escalations are becom-

ing frequent, and the sides continue to lose lives and military equipment. With no resolution in the near future, similar escalations are expected to take place.

ECONOMY

Reverse trends in the exchange rate of the national currency

In February 2017, the national currency of Azerbaijan, Manat, experienced a surprising rise against the US Dollar. On 30 January, the [official exchange rate](#) of the Manat against the US Dollar was set by the Central Bank of Azerbaijan at 1.92 AZN/USD. However, on February 17 the official exchange rate of US Dollar reached down to the level of 1.74 AZN. This is the highest rise of the national currency against the US Dollar for the last two years. Following the growth of oil prices. Following the growth of oil prices, Manat reacted respectively. Though the local [expert](#) community expects the exchange rate of Manat to fluctuate within 1,80-2,00 AZN/USD range.

As part of structural economic and political reforms

in Azerbaijan, the President Ilham Aliyev on 13 February signed the [decree](#) to create a new ministry, namely, the Ministry of Transport, Communication and High Technologies, which will be headed by Ramin Guluzade. Thus the President merged two ministries – the Min-

The highest rise of the national currency against the US Dollar for the last two years was registered

istry of Transportation and the Ministry of Telecommunication. This also indicates that one of the well-known figures, the former minister of Transportation, Ziya Mammadov, left with no portfolio in the government. Mammadov had a strong footprint in infrastructure investments in the country and was considered to be one of the strongest oligarchs in the government.

FOREIGN POLICY

Azerbaijan and EU moving closer

Baku [hosted](#) the third Ministerial Meeting of the Southern Gas Corridor (SGC) Advisory Council, which was attended by the President of Azerbaijan, the Vice President of the European Commission, energy ministers from the SGC member-states and representatives of a number of organizations. The SGC [aims](#) to increase the role of Azerbaijan in the energy security of Europe, bringing Azerbaijan closer to the EU.

In the meantime, following the high level EU [visit](#) to Azerbaijan, President Aliyev visited Brussels

at the invitation of the President of the European Council Donald Tusk. The issues of bilateral relations development [were on the table](#), namely, the economic diversification agenda of Azerbaijan and the EU-support in this respect, as well as energy and regional security, including the Nagorno-Karabakh conflict.

For the last couple of months, the trend in EU-Azerbaijan relations has been positive and moving towards a deeper dialogue. Recently, the European Council granted the European Commission and the High Representative for Foreign Affairs and Security Policy a mandate to negotiate a comprehensive agreement with Azerbaijan on behalf of the EU.

Belarus: Turbulent February

Arsen Sivitski, the Centre for Strategic and Foreign Policy Studies (Minsk, Belarus)

February turned out to be restless for Belarus. The necessity of long-overdue economic reforms and, as a consequence, the country's dissatisfaction with its socio-economic situation has resulted in mass protests on the streets of the capital and in the regions. At the same time, the conflict with Russia has entered a new stage, further aggravating the situation in the country.



Mass protests against the so-called “Decree on social parasites”.
Photo depositphotos.com

DOMESTIC POLICY

Mass protests in the context of deteriorating socio-economic situation

On 17, 19 and 26 February [mass protests](#) against the so-called “Decree on social parasites” were held in Minsk, regional and district centers of Belarus. Amendments to the document in question were made in the first half of January 2017. According to this document, the citizens of Belarus paying taxes less than 183 days a year must pay a special fee. About 2,500 people took part in the [demonstration in the capital](#) on February 17. A member of the opposition, Mikolai Statkevich, appeared to be the main organizer, leader and political beneficiary of the Minsk protest. Uladzimir Nyaklyayew, Anatoly Lebedko, Eugene Afrnagel were among its leaders too. Ordinary citizens also took part in the protest as well as the organized forces, in particular — the anarchists. However, the campaign was peaceful and was generally within the law.

The organizers of the protest clearly took into account the general mood in the Belarusian society and took all necessary measures not to be accused of acting in the interests

of the Russian Federation. In particular, Mikalai Statkevich repeatedly stressed the peaceful nature of the protest and the inadmissibility of violence due to the fact that such a development could create an excuse for Russian intervention.

Demonstrations in the regions on 19 and 26 February were somewhat more emotional and aggressive, but were managed without violence as well. Protesters in the capital and regional centers expressed the necessity to abolish Decree №3 and announced the next round of protests on March 25. In addition, in Minsk protest leaders also demanded to stop economic reforms and growing utility rates as well as to provide higher wages. In the regions as well as in the capital social and economic demands went side by side with political ones, first of all, the resignation of the President Alexander Lukashenko.

In recent months, the opposition has worked consistently to enhance the resonance and to use negative socio-economic dynamics including the effects of Decree №3 for political pressure. In the context of activity of all opposition forces, the greatest efforts in this direction have been made by those who eventually ended up as protest leaders — the United Civic Party, and, in a less confrontational manner,

the campaign “Tell the Truth.” The situation had completely taken shape a few weeks before the protest in Minsk. The leaflets calling to take part in it had been used massively; special videos and other attributes of a well-organized and financed campaign had appeared as well. This transition in

the opposition’s mobilization work from its normal mode to a forced one could have been the basis for a strong contrast between the calm and careless comments of Alexander Lukashenko on February 3 and the rather alarming picture that the authorities saw in the second half of February.

ECONOMY

Long-overdue, yet necessary reforms

In economic policy, the period under review was marked by another aggravation of discussions on the ways of further economic development. In the context of the reforms spinning up, supporters of the emissive approach tried (probably for the last time) to influence the course of events. Written by the former head of the National Bank of Belarus Petr Prokopovich, a letter to the President on this issue became the basis for the next government meeting. However, this meeting did not bring any changes to [the plans of the authorities](#). Emission measures were deemed too dangerous and unacceptable, and the way to lower interest rates for the real sector was designated only as an evolutionary one. Officially, all key decisions on the further development of the economy (and, consequently, the final approval of the reform program, which removes an obstacle when obtaining International Monetary Fund loan) will be formally adopted as early as March 2017 following the meeting with the president.

Meanwhile, already in the period under review a large number of liberal measures aimed at improving the business climate was announced. Thus, the Ministry of Emergency Situations has announced a complete [termination of inspections for small and medium sized enterprises](#). Ministry of Antimonopoly Regulation and Trade and Republican Confederation of Entrepreneurship have prepared a [draft decree](#), which should greatly facilitate conditions of busi-

ness dealing in trade, public catering and consumer services in small towns and rural areas.

[At the meeting on February 14](#), President Lukashenko announced that he intended to personally approve a minimum set of standards for business entities in order to avoid the later enlargement of this list. Earlier, despite the criticism

The organizers of the protest took all necessary measures not to be accused of acting in the interests of the Russian Federation

of the mechanism itself, the President ordered to promptly resolve the problematic issues surrounding the property transfer of unitary enterprises to trust management. State Committee on Standardization [proposed revising its approach](#) to planned inspections in terms of compliance with technical regulations in order to make it less burdensome for businesses. Finally, as it has been announced, in 2017 the National Centre of Legislation and Legal Research and state agencies should develop [33 draft laws and 4 bill concepts](#), including such important ones as cancellation of imprisonment as a sentence for economic crimes.

Accelerated adoption of broad liberal measures is determined, primarily, by the difficult situation in the economy and the fact that these measures are long overdue (but nevertheless remain necessary). During January 2017 Belarus’ GDP [decreased](#) by 0.5%.

FOREIGN POLICY

The Belarusian-Russian conflict enters a new phase

Since the end of December, 2016, the growth of contradictions in the Belarusian-Russian relations across the whole range of areas of cooperation (oil and gas sphere, military-political sphere, migration sphere, food trade) has steadily shifted from the level of institutional interaction to the level of exchanging political statements. The apogee of this trend has led to numerous critical statements by President Lukashenko on the Belarusian-Russian relations, made during his meeting with journalists and experts in the framework of the [“Big Dialogue”](#) on February 3, 2017. Criticizing excessively alarmist statements about Russia’s intentions to occupy Belarus as well as stating that there will be no war in Belarus, he said in the same context that Belarusians will “defend their country and independence”.

Predictably, the meeting between Alexander Lukashenko and Vladimir Putin on February 9 in the framework of the State Council of the Union State was canceled. Lukashenko announced his reluctance to hold a meeting on February 3 during the “Great Dialogue” and justified it by the fact that the meeting should take place when “solutions” to key controversial issues are found.

The extensive criticism of the actions and positions of Moscow created the necessary (negative toward President Lukashenko) resonance in Russian information space, and

a variety of convenient reasons to inflict information attacks on the Belarusian side. In particular, Russia’s very “elegant” step was [the suspension of working ties](#) between the Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhozadzor) and the Belarusian Ministry of Agriculture and Food because of Lukashenko threatening to begin criminal prosecution of Sergei Dankvert, the head of Rosselkhozadzor. Against this background, the Rosselkhozadzor’s restrictive practice to the Belarusian producers continued to expand rapidly. The financial costs of the conflict increased dramatically and Belarus cannot afford it.

In oil and gas sector, hardly any dynamics could be observed during the research period. The negotiations at the governmental level were ineffective and the Russian side quickly disavowed another announcement of the agreement protocol. Russian Energy Minister [Alexander Novak stated](#) that the full repayment of the debt for gas for 2016 and early 2017, which is \$600 million, is the main precondition for compromise agreements with Belarus.

From 15 to 26 February Lukashenko paid a private visit to Sochi. Apparently, the Belarusian president hoped to hold informal talks with Vladimir Putin on the accumulated problems in the Belarusian-Russian relations. However, according to [the press secretary of the Russian president](#), Putin was not scheduled to meet with Lukashenko despite the fact that he was in Sochi on February 17. The Russian leader’s disregard of his Belarusian counterpart may indicate the transition of the conflict to a new phase of confrontation.

Georgia: Cyanide and Mystical Stories

Lasha Tughushi, “Liberal Academy Tbilisi” Foundation (Georgia, Tbilisi)

A detective story with a medieval twist including intrigues, poison and an attack on the most important institution of Georgian society, the Church, has become the hottest news of the month. It overshadowed even the long-awaited visa-free regime granted by the European Union.



A plot against the Patriarch who is a uniting and consolidating figure in Georgia?

Photo by depositphotos.com

DOMESTIC POLICY

An attack on the Church according to a medieval scenario

«A treacherous attack on the Church has been prevented. Our country has averted a major disaster» – said the Prime Minister of Georgia Giorgi Kvirikashvili. This was a sudden and sharp response to the arrest of a priest suspected of plotting to poison a top figure in the Georgian Church.

On February, 10 the Prosecutor General of Georgia announced the arrest of the Archpriest Giorgi Mamaladze who had close contacts with the Patriarch of Georgia Ilia II. Mamaladze is accused of attempting to board the flight to Berlin with deadly poison, sodium cyanide, in his luggage. The chief prosecutor stated that Mamaladze was planning to poison a «high ranking Church official» who had not been identified.

It was then assumed that it was Patriarch Ilia II who might have been the target. The Patriarch was being treated and underwent a surgery in hospital in Berlin.

Mamaladze heads St. Joachim and Anna Medical Centre owned by the Patriarchate – the governing body of the Georgian Orthodox Church. A year ago he was appointed Deputy Head of the Patriarchate Property Management Service.

The arrested archpriest was notified of the formal charges against him as the court put him in pre-trial detention. However, he pleaded not guilty. Later the prosecutor's office specified that, according to their version, Mamaladze was attempting to kill Shorena Tetrushvili, the Patriarch's secretary.

This incident shook the media landscape in Georgia. The situation became tense over the course of open discussions between high ranking church officials regarding the internal problems of the Church. One of the archbishops, Petr Tsaava called Ms. Tetrushvili a «grey cardinal». At the same time a letter written by

the accused Mamaladze was published, shedding light on internal corruption schemes.

Opinions are often expressed that this was a plot against the Patriarch who is a uniting and consolidating figure in Georgia. According to conducted research, the Patriarch of Georgia Ilia II wields significant influence and trust in the society. The majority of Georgians express their special sentiment for him. Therefore, it is not surprising that black clouds strangely gathering over the institution forming Georgian identity, the Georgian Orthodox Church, have become reason for serious concerns in the society.

The investigation continues. Where will unravelling this tangled web of poisonous intrigue lead, who is behind it and what is the goal of this strange medieval mystical story – this is what triggers people's interests in Georgia.

ECONOMY

The sixth million tourist

[The video](#) about the sixth million tourist arriving in Georgia last year, which has recently been uploaded by the Georgian National Tourism Administration, has become viral in mass media and the Internet. The lucky tourist was given local wine as a gift while in the evening there was a surprise in store for him — a dinner with the Prime Minister.

Tourism in Georgia is developing rapidly and becoming an even more important sector of economy. The year of 2016 registered a record flow of international visitors that reached a historical maximum and exceeded the number of 6 million people.

The developing aviation market is a growth engine for local tourism, where cheap service has become of special importance. Apart from its initial flights to Budapest, Vilnius, Warsaw and Katowice, the International Kutaisi airport has offered cheap flights to Ber-

lin, Memmingen, Dortmund, Milan, Thessaloniki, Larnaca and Sofia since last September. The new flights are available at the price of 25-40 euros.

In February it became known that Kutaisi Interna-

The issue of visa free regime with the European Union for the citizens of Georgia was finally solved

tional Airport is to add a new terminal due to a growing passenger flow. It is also expected that transport connection between Tbilisi and Kutaisi will grow.

The industry boasts high competition both among airlines and airports. The airlines are optimistic about the Georgian tourism market. According to a Wizzair representative, the airlines annually fly approximately 250 thousand passengers. Tourists make up 30-40 per cent out of that number, that is about 100 thousand people. All in all, this means a \$30 million investment in Georgian tourism.

FOREIGN POLICY

Long-awaited visa free regime

At the end of February, as a result of all necessary yet enduring procedures, the issue of visa free regime with the European Union for the citizens of Georgia was finally solved. Tbilisi celebrated and rejoiced. There were live streams from European capitals in the daytime and fireworks with champagne and greetings at night.

Starting from the end of March the citizens of Georgia will be able to travel to Europe without visas. However, despite the overall feeling of happiness, local executive authorities have already started to warn Georgian citizens about the documents which are needed in order to cross the border with Europe so that a smiling European customs officer relying on their sense of reasonable suspicion does not send them back to Georgia.

Moldova: Stable instability is the new normal

Mihail Popsoi, Associated Expert, Foreign Policy Association of Moldova (Moldova, Chisinau)

Despite the efforts made by the government to create the impression of stability in the country, Moldova remains highly divided politically and economically weak. This condition is further exacerbated by the East-West geopolitical cleavage as well as security risks emanating from developments in Ukraine and the Transnistrian region.



The meeting of Moldovan President Igor Dodon, Prime Minister Pavel Filip, and Speaker Andrian Candu.
Photo by presedinte.md

DOMESTIC POLICY

Top leadership finds some common ground

On February 21, Moldova's President Igor Dodon, Prime Minister Pavel Filip, and Speaker Andrian Candu held a meeting followed by a joint press conference. They reached an agreement to set a common platform in order to develop a joint strategy regarding the settlement of the Transnistrian conflict.

"Chisinau should not have different positions when discussing the issue with the West and other partners. We must have a common stand when discussing this issue with the West, with our partners in the 5+2 format, with those from Tiraspol and from the Russian Federation," said the President. This appears to be a far cry from Dodon's earlier position that promoted federalization as a conflict settlement model. The three officials also found common ground regarding the pension system reform, but that is where mutual agreement ends.

President Dodon, who is also the former leader of the Party of Socialists, reiterated his intention to cancel the Association Agreement with the EU and announced his plans to sign the cooperation agreement with the Eurasian Union. He also insisted on amending the Constitution in order to grant the president the power to dissolve the parliament. Both the prime minister and the speaker, who represent the ruling Democratic Party, disagreed with the president, arguing that any attempts to organize a constitutional referendum would threaten the social and economic stability in the country. Overall, the meeting seemed a carefully staged public relations campaign meant to show that

the country is politically stable despite disagreements between the president and the government. The leader of the Democratic Party Vlad Plahotniuc, who is perhaps the wealthiest and the most influential person in the country, has built his image around the notion of stability. Thus, both the Socialists and the Democrats had a chance to present their dissenting, but pro-compromise positions, as if reflecting a consensus in the entire society. The partnership between the Socialists and Democrats is willfully ignoring the other half of society, which, according to [polls](#), supports the center right opposition. The latest disagrees strongly with both Dodon and Plahotniuc.

ECONOMY

European Union vs. Eurasian Union

On February 9th, the former IT Minister Vasile Botnari was appointed the head of Moldovagaz – the country's gas distribution monopolist. Botnari is a close associate of Vlad Plahotniuc and one of the main donors to the Democratic Party. Earlier, a politician Sergiu Mocanu [accused](#) Plahotniuc of paying Dodon to mediate Botnari's appointment during his official visit to Moscow last month. Dodon rejected the accusation, but the fact that the President did not oppose the appointment is suspicious, to say the least.

Meanwhile, Romanian government [agreed](#) to transfer another 50 million of the 150 million Euro loan to Mol-

dova one month early. Following the request made by the Moldovan Ministry of Finance, the funds are to be sent on 27 February. The money is earmarked for investment projects and budgetary support. The assistance from the

President Dodon insists on undermining relations with EU in favor of closer ties with Russia

Romanian Government gave Moldova a financial lifeline, in addition to the International Monetary Fund program. Despite Moldova's economy being heavily dependent on western assistance, President Dodon insists on undermining these relations in favor of closer ties with Russia, even if, according to the [National Bureau of Statistics](#), Moldova is improving its trade balance with the European Union, unlike its trade balance with the Eurasian Union.

FOREIGN POLICY

President and government in parallel realities

On February 7, President Dodon paid an official visit to Brussels. In his meeting with the European Council President Donald Tusk, Dodon reinitiated his criticism for the Association Agreement between Moldova and the EU. Dodon [blamed](#) the falling support for the EU integration in Moldova on bad governance and EU's double standards. He also [invited](#) Tusk to reconsider trilateral trade negotiations between EU, Moldova and Russia, which had already been ruled out. Dodon also opposed opening a NATO liaison office in Moldova after meeting the Deputy Secretary General of NATO Rose Gottemoeller. Later Dodon paid a visit to Tehran in the capacity of the president of Moldova's chess federation. Despite it being an unofficial visit, Dodon [had a meeting](#) with the President of Iran, Hassan Rouhani.

The two officials discussed bilateral ties in agriculture and energy and the possibility of opening Embassies in both countries.

At the same time, on February 13, the Moldovan Prime-Minister, Pavel Filip, had a meeting with the president of Ukraine Petro Poroshenko. Filip [stressed](#) the importance of regional solidarity when it comes to the Transnistrian conflict and highlighted that Chisinau counts on Kyiv's support. The Moldovan prime minister also met with his Ukrainian counterpart Volodymyr Groysman. The two [signed](#) a Moldovan – Ukrainian Cooperation Roadmap for 2017. The neighboring countries plan to cooperate in consolidating democratic institutions, combating corruption and increasing bilateral trade. Energy cooperation in crisis situations was another important topic. The two also agreed to introduce three joint border checkpoints on the Transnistrian segment of the Moldovan-Ukrainian border.

Ukraine: Donbas is the main issue on the agenda

Sergiy Gerasymchuk, Foreign Policy Council “Ukrainian Prism” (Ukraine, Kyiv)

After a relative lull in January, February for Ukraine was rich with various events. Most of them had a unifying topic, namely the situation in Donbas and Certain Areas of Donetsk and Luhansk Regions as well as relations with Russia. In this context, some progress on European and American tracks gave reason to cautious optimism.



A clash between the supporters of the blockade of Donbas and law enforcement agencies in Kyiv.

Photo by depositphotos.com

DOMESTIC POLICY

Donbas in domestic policy

At the beginning of the month Ukrainian political space was stirred up after the [interview](#) of the German Ambassador to Ukraine Ernst Reichel for RBC-Ukraine. The Ambassador conceded that the elections in the occupied part of Donbas could take place even in the presence of the Russian army. He stated that everything depends on the conditions in which

these elections would be held. The Ambassador's statement became a catalyst for the already acute political dialogue between Ukrainian political forces. Questions have been raised both about the future of Certain Areas of Donetsk and Luhansk Regions, as well as about the legitimacy of economic cooperation with the separatists. On the one hand, the President of Ukraine and the political parties supporting him recognize the need for such cooperation. The situa-

tion in the Ukrainian energy sector might deteriorate without coal from Donetsk. On February 16 the President even enacted [the decree](#) of the National Security and Defense Council “On urgent measures to neutralize threats to energy security of Ukraine”. On the other hand, opposing politicians call for restraining the blockade of the occupied parts of Donbas, avoiding “trade on blood”. The situation grew into a [clash](#) between the supporters of the blockade (mainly the representatives of volunteer battalions and the

Organization of Ukrainian Nationalists) and law enforcement agencies on February 19 on the third anniversary of the shootings of Heavenly Hundred on the Independence Square in Kyiv.

There is reason to expect that the issue of Donbas will continue to remain relevant to Ukrainian political establishment and in case of early parliamentary elections (such a scenario cannot be excluded) will be used by different players as a marker definition of “friend-or-foe”.

ECONOMY

The impact of Russian aggression

The economy of Ukraine maintains a moderately positive trend. On February 24, the Prime Minister of Ukraine Volodymyr Groysman [admitted](#) that in 2017 GDP growth is to surpass 3%. At the same time, Ukrainian authorities are trying to limit the risks arising from the conflict with Russia. In particular, the National Bank of Ukraine has strengthened measures to prevent capital outflow

to the Russian Federation by adopting a corresponding [regulation](#) on February 21, 2017. In addition, Kyiv Commercial Court of Appeal upheld the decision from December 5, 2016, according to which “Gazprom” is [obliged](#) to pay a fine and a penalty imposed by Anti-Monopoly Committee for the transit market excessive use (about \$6.4 billion).

The reason behind optimism in Kyiv is tougher rhetoric of the White House

FOREIGN POLICY

Moderate achievements

As for developments in the foreign policy, they were mainly related to Russian-Ukrainian relations and the war in Donbas. On February 12, the head of the Ministry of Foreign Affairs of Russia Sergei Lavrov [said](#) that Ukraine needs to go back to the idea of decentralization. He insisted that the United States, EU, Ukraine and Russia have already approved this idea on the ministerial level in April 2014. In its turn, Ukrainian leadership gave no encouragement to the Russian side initiatives, relying on Western support.

The reason behind optimism in Kyiv is tougher rhetoric of the White House. On February 15 the US Secretary of Defense James Mattis [appealed](#) to NATO member-states to address Russia from the position of strength, US Secretary of State Rex Tillerson at a meeting with Sergei Lavrov [called](#) on Russia to keep

the Minsk Agreements, and on February 26, the United States [urged](#) Russia to immediately cease fire in the Donbas.

Certain progress has been made in the European direction. On February 23, the Dutch Lower Chamber of Parliament officially confirmed the ratification of the EU-Ukraine Association Agreement. Now to [complete the ratification](#) by the last EU country Ukraine has to wait for ratification in the Senate, after which the last ratification instruments will be sent to Brussels.

Approving the mechanism for the suspension of the visa-free regime with third countries by the Council of the European Union on February 27 can be considered the greatest achievement of the month. It [unblocked](#) EU approval of visa free regime with Ukraine and gives the country a chance to join it together with Moldova and Georgia.

Realities and challenges of anti-corruption policy in Georgia

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Providing the Parliament an opportunity to be more active in the budgeting process should be the next step of reforms.
Photo from the official Facebook page of Georgian Parliament

Today Georgia is a leader in fighting corruption in the region, and this is confirmed by the international researches. For example, according to the [World Justice Project \(WJP\) 2016 Rule of Law index](#), Georgia ranks first in the absence of corruption in the countries of the Eastern Europe and Central Asia. According to the [Global Corruption Barometer](#), Georgia takes the fourth place following Germany, Sweden, and Switzerland, with **only twelve percent** of its population considering corruption one of the most serious problems. [The World Bank Doing Business 2017](#) placed Georgia sixteenth amongst 198 countries in the overall rating, ranking it third in dealing with construction permits. As for the [Index of Economic Freedom](#), annually published by the Heritage Foundation research institution, Georgia takes the thirteenth place in economic freedom.

However, along with the positive signs, according to research conducted by [Transparency International](#), there are obvious challenges as well. For example, in 2013 only 13% of the respondents believed that public servants used public offices for their private gain, while in 2015 this number reached 15% level, and in

2016 went up to 40%. Needless to say, this category of researches reflects the attitude to elite corruption only and probably does not correlate to reality in full, but nevertheless, it proves the acuteness of the issue. As for [the petty corruption](#), its index went below 1% in 2016 whereas in 2013 it was 3%.

Anti-corruption strategy and action plan

Georgia had its first anti-corruption policy adopted in 2010. A similar document was also adopted five years later, in 2015. The second edition, unlike the first one, was created in active participation of the public sector representatives. The strategy and the action plan are principally oriented at tackling the anti-corruption policy issues. The action plan is also accompanied with a monitoring and evaluation methodology. The reports on the action plan implementation are regularly published.

The liberalisation of visa regime with EU and anti-corruption

European integration turned out to be an important process for fighting corruption in Georgia. To liberalise the visa regime, Georgia had to do some “homework” in improving the anti-corruption legislation. In 2015 Law of Georgia [“On conflict of interests and corruption in public service”](#) was widened with some new amendments, in particular:

1. starting from January 1, 2017, a monitoring system of the government officials asset declarations came into force;
2. government officials are obliged to complete and submit their asset declaration within a year after their dismissal.

Despite some concerns about this system efficiency, its implementation is a real step forward for Georgia. Such a mechanism allows preventing the so-called “corruption merry-go-round” when government officials fill their pockets in public service and then leave unpunished to a private sector.

There are still some gaps in legislation. The functioning mechanisms of the Whistleblower Protection Institute, which allows every citizen to submit information on violations and corruption without fear of being persecuted, were improved. However, the situation is still problematic. For instance, the law does not apply to law enforcement agencies, and there are no regulations to arrange the process inside the system. Similar problems exist in the independent regulating bodies.

It is still difficult to forecast what the monitoring system of asset declarations will be like since the previous experience was far from being positive. Having specialized in this sphere for years, NGOs and mass media repeatedly published information regarding incorrect asset declarations by the government officials. Unfortunately, it gave no results.

Open Government

Open Government Partnership (OGP) is a multilateral initiative that aims to secure actual governments’ commitments to promote open governance and trans-



European integration turned out to be an important process for fighting corruption in Georgia

parency, empower citizens’ activity, combat corruption, implement innovations and new technologies. The initiative also implies harnessing new technologies to make government more open, efficient, and accountable, that will result in more effective public resources management and multilateral development. This initiative was started by eight founding governments, including those of the USA and Great Britain.

In 2017 Georgia was elected a [co-chair of the initiative](#), that is both a great honor and a huge responsibility. It is crucial for the Georgian government to involve new countries into the Partnership. Special attention should be paid to the Post-Soviet countries, and, especially, Central Asia.

It is still difficult to forecast what the monitoring system of asset declarations will be like

Georgia reached a lot in the legislative openness issue. Since February, 2016 it has an acting Permanent Parliamentary Council on Open and Transparent Governance. The council developed an action plan for the open parliament with a wide range of responsibilities on elaborating of an electronic mechanism for citizens participating in creating the new Code of Ethics, which is mandatory for the Members of Parliament. A similar approach was adopted for the other branches of power, with a special focus on the Executive.

National anti-corruption system in Georgia

According to [Transparency International research](#), a positive dynamic of the anti-corruption system reforms is obvious, yet, some positions are disturbing. A comparative analysis of the situation since 2011 to 2015 shows some progress in 8 sectors: civil society, mass media, business, auditing services, ombudsmen, election administration, legislative bodies and judicial power. When it comes to executive

power and law enforcement agencies, some regress is obvious too.

However, despite the regress, the situation with the executive power and the law enforcement agencies is much better than with the judicial and legislative powers. The problems lie in the horizontal reporting, mutual control and balance system, they are mostly of a constitutional nature and suggest a balanced political system.

One of the tasks of the acting Constitutional Commission is to create an effective control system. First and foremost it must increase a role of the Parliament as a finance controlling body of the executive power. According to the acting Constitution, the Parliament is weak, since the constitutional amendments of 2010 replaced a super-strong President with a super-strong Prime Minister.

De facto the Parliament serves as a notary. This can be changed by implementing of a balanced model of votum of trust or mistrust to the government, as well as by providing the Parliament an opportunity to be more active in the budgeting process, that also requires some constitutional changes. It is also essential to develop a judicial reform to prevent political corruption in the court. Furthermore, the government service also needs further reforms.

Differences in theory of law and practice

One of the attributes of a country's development is the quality of the current laws execution. [The Transparency International](#) research compares the average legislation indicators in theory and practice. A considerable difference between the real situation and the legislative frames of the National Anti-Corruption System is evident. The analysis of twelve institutions showed that in each case the average theory of law score is higher than the average law in practice score.

The average score indicator of both the legislative frame and its implementation, that is law in practice, grew, in other words improved, since 2011 to 2015. In both cases the indicator grew approximately by 5%.

Anti-Corruption Index in the defense

Taking into consideration the occupation of a part of Georgia's territory, reforming of the country's armed forces is an important task. And a special focus is on the anti-corruption defense policy. According to 2013 data, Georgia was placed in D category, meaning there was a high risk of the defense corruption. By 2015 the country moved to C category, a zone of a moderate risk. Procurement still remains a high risks zone and a kind of a minefield for the armed forces.

Conclusion and recommendations

The analysis shows a long way ahead of Georgia before reaching a consistent systematic reform. This can be seen from a noticeable discrepancy between the theory of law and practice.

The average theory of anti-corruption law score is higher than the average law in practice score

The main driving force of the country is a political will. Probably the most frequently asked question on how Georgia managed to reach progress in certain directions has an answer precisely in its political will.

The first strong impulses appeared in 2003 when the new government took office after the Rose Revolution. The next government did not change the policy and general provisions.

Possible optimism in the countries of the Eastern Partnership can be related only to the factor of the political will. Systematic reforms, including anti-corruption ones, can turn into quasi, if there is no real political will coming both from the authorities and the citizens.

At the same time it is necessary to hold political reforms.

The main driving force of the country is a political will

First, it is essential to single out:

- strengthening of the finance monitoring function of the Parliament;
- providing more budget powers to the Parliament in the budgeting process;
- implementing the Open Government program continuously, aiming to provide more openness to all branches of power, including the Executive, as well as empowering citizens with possibilities of more active participation in the process;
- extending the public service reform;
- mobilizing of the larger volumes of funds for the courts;
- providing more transparency during case allocation for the anti-corruption goals, implementing of the electronic system of case allocation among judges;
- strengthening of the political parties by implementing a fairer system of financing, that will strengthen capacities of the opposing parties;
- securing the alternate sources of the public organizations funding, and freedom when placing advertising in the mass media.

INITIATIVE BY:



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www.prismua.org

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www.regional-studies.org



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www.csfps.by



The foundation Liberal Academy Tbilisi (Georgia) is a non-governmental, nonprofit organization, committed to promoting core democratic values, supporting peace-building and European and Euro-Atlantic integration and with that fostering the democratic development of Georgia and the

whole Southern Caucasus region.

www.ei-lat.ge



Foreign Policy Association (Moldova) is Moldova's leading foreign policy think-tank, committed to supporting Moldova's Europeanization, integration into the European Union and a viable settlement of the Transnistrian conflict.

www.ape.md