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# The Political Constraints for Civil Service Reform in Georgia: History, Current Affairs, Prospects & Challenges

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**Abstract:** *This study presents an overview of the reforms of the civil service of Georgia since independence. These developments can be grouped into 4 distinct periods. First one encompasses the time immediately after independence until the adoption of the Law on Civil Service in 1997. The second lasts until the end of the President Shevardnadze's Government as a result of the Rose Revolution in November, 2003. The third period encompasses the next 9 years when President Saakashvili and his United National Movement (UNM) was in charge of the country. The last period starts with the electoral victory of the Georgian Dream (GD) coalition in the parliamentary elections in 2012 when the power changed hands through democratic process for the first time in Georgian history since formally becoming the independent nation in 1992.*

## Introduction

The bureaucracy or civil service is considered as one of the most important institutions for the modern state. From the beginning of the 20<sup>th</sup> century onwards when Weber identified the civil service based on rational-legal model as one of the most telling traits of the modern state it can be safely said that most scholars and practitioners believe that competent, efficient, and effective bureaucracy is key for successful achievement of the many complex objectives that the modern state is supposed to accomplish. Alongside the glorious civil service as described by Weber there existed also the sinister portrayal of bureaucracy that was associated with rigidity, red tape, incompetence and corruption. In fact, these are the two ideal extremes and any given civil service fluctuates between them. There seems to be a consensus emerging, however, that given the complex tasks that a modern state has to handle such as social welfare, international security, law and order, economic development, healthcare, and education, it is bound to have institutionalized state machinery employing quite a number of civil servants in an attempt to meet these challenges.

This study presents an overview of the reforms of the civil service of Georgia since independence. These developments can be grouped into 4 distinct periods. First one encompasses the time immediately after independence until the adoption of the Law on Civil Service in 1997. The second lasts until the end of the President Shevardnadze's Government as a result of the Rose Revolution in November, 2003. The third period encompasses the next 9 years when President Saakashvili and his United National

Movement (UNM) was in charge of the country. The last period starts with the electoral victory of the Georgian Dream (GD) coalition in the parliamentary elections in 2012 when the power changed hands through democratic process for the first time in Georgian history since formally becoming the independent nation in 1992. Although these periods seem to coincide with specific governments the underlying logic for such division rests more with the varying trends of civil service developments than with the changes of governments.

In the years immediately following the independence Georgia underwent dramatic changes for the worst. The secessionist armed conflicts in Abkhazia and Tskhinvali region, alongside with the Civil War that lasted until 1994, saw the country dismembered, its economy in shambles, and law and order in complete disarray. In this period the country could have easily be categorized as a failed state with paramilitary and criminal organizations successfully challenging the state's monopoly on legitimate use of force. Thus, it is not surprising that the civil service was affected very negatively by these developments; salaries plummeted, corruption surged, any rational procedure for career advancement was undermined, and services provided to the citizens became scarce and highly corrupt. At times, it was just as if the civil service functioned only to solicit bribes from the population and make use of their position to access some of the still remaining public goods.

After the adoption of the 1995 constitution the situation stabilized, criminal and paramilitary organizations were pushed back and state assumed control. This control, however, was far from comprehensive and failed to improve lives of the citizens in significant manner. Nonetheless, the state now had the time and some resources to devote attention to the civil service. In 1997 the Parliament adopted the Law on Civil Service that tried to put the existing practice in formal legal framework. After the Rose Revolution the new revolutionary government took on the public administration reform very seriously and with considerable zeal. The government realized that it was the public sector where they could make substantial and visible gains to build on their public standing and create efficient modern state. It can be safely said that it was only after 2003 that modern state-building took place in the country. Although the ruling party and its leadership firmly believed that the civil service needed major overhaul they were divided between competing models for the bureaucracy: those in the executive heavily favoured the New Public Management (NPM), while those in the parliament wanted Weberian style career based civil service to be established. By the end of the 2007 it became clear that the NPM supporters won as the new Civil Service Code proposed by the incumbent party members in the Parliament did not go through. The proposed bill aimed at creating the career based civil service, but was defeated after the executive branch exerted the necessary pressure. Thus, the United National Movement, despite many transformational changes that they instituted in the country, were not able to modernize the civil service legislation and continued to operate in the general framework of the 1997 Law. Still this period marked the dramatic improvement in all aspects of governance and economy duly confirmed by the rising country ratings as expressed in various indices. The most significant progress was made in fighting the corruption where most of the government's efforts were concentrated. Following the 2012 elections which brought the Georgian Dream coalition to power there seems to be a dramatic swing towards reshaping the civil service to Weberian ideals. In 2015 the Parliament adopted a new Law on Civil Service that is to go into effect in 2017. Thus, it took 20 years to replace the first code despite myriad of changes the civil service experienced in practice over these decades. The new law provides a general framework that is to be supported by numerous decrees and other laws and envisions the creation of the modern, career based, effective, and politically neutral civil service. It seems that some of the reforms instituted by the previous government will stay in place, especially, those that have to do with new technologies, and personnel appraisals, but most of the underlying principles of bureaucracy organization will change.

The process of the civil service reform is far from over; as of this moment there are about a dozen normative acts, and laws to be adopted before it goes into effect in January, 2017. The content of these legal documents will largely determine whether it will indeed be possible to create a unified, modern and efficient civil service in Georgia. Moreover, there are several other procedures to be implemented, such as the certification exams for the prospective civil servants, before the new law comes into effect. The real impact and the success of the reform could only be judged several years after when it can be observed how and which provisions of the code are implemented in practice.

The main task of this study is to analyse the reforms as they were attempted or successfully implemented considering the prevailing political context of the time. Successful reforms or policies in any field require proper design, planning, and timing as well as subsequent monitoring and evaluation mechanisms. Given the complexity of such endeavours it is obvious that reforms may fail or bring only partial results for reasons not related to politics. Thus, even in the presence of strong political will a given reform or policy may not deliver as expected because of poor timing, bureaucratic red tape, lack of flexibility, resources and/or capacity, and changing political priorities. Still it seems that favourable political context and willingness of the incumbent to follow through with the announced plan is central to giving the proposed policies a life chance. This paper examines the several sequences of the civil service reform in this context, and focuses on the likelihood of the success of the current wave of the reforms that started after 2012 and is still ongoing.

### Methodology

To evaluate the civil service reform one has to look at various interrelated indicators such as retention rate of competent personnel, eradication of red tape and corruption, efficient, and effective delivery of services to the public. At the same time, these indicators give only indirect evidence that it was the reform and not the other intervening circumstances that brought about the desired change.

Nonetheless, this seems to be the best strategy to evaluate the success or failure of the policy. At the same time, civil service reform falls into wider public administration reform and some of the positive changes in the provision of the public goods could be achieved without the dramatic overhaul of the entire bureaucratic system. Thus, when examining the civil service reforms in Georgia we keep in mind the changes that concerned public administration as a whole.

The main task of the bureaucracy can be defined variously as the efficient provision of the public goods or its capability to adequately perform the tasks assigned to them by the politicians who are held accountable to the electorate. Certainly, there is no government that would want to have a civil service incapable of performing the tasks necessary for governance. The governments may differ, however, in choosing the type of civil service to accomplish these goals. Thus, it can be safely said that in case of Georgia all governments desired to have a civil service that would be an effective, efficient, meritocratic, loyal, capable, and respected institution. They did differ in prioritizing the aspects of bureaucracy that they deemed more important. Nonetheless, the values of bureaucracy as described above were considered by all to be desirable albeit in varying sequence. Some of them were more effective in achieving the improvement of the civil service quality than others. This paper examines the political constraints that the incumbents were facing to produce the desired type of bureaucracy in the past, while more thoroughly examining the prospects of civil service reforms that are underway at the present. In order to evaluate the achievements or failures of proposed policies or foregone initiatives we have used two complementary approaches. First approach was to analyse the opinions and assessment of the developments provided by the major stakeholders that actively participated in the drafting of the civil service legislation and reform process in general. We have used numerous secondary sources to evaluate the attitudes of the stakeholders in the previous waves of reform, and conducted several in-

depth interviews with the current stakeholders from various branches of government, civil servants, and representatives of political parties, international and local nongovernmental organizations who were and are directly involved in the process. There are several studies available on the ongoing reform and we have used them extensively as well where relevant.

To complement this approach a set of available indicators were selected to assess whether the implemented reforms brought meaningful advances in terms of improving the good governance in the country. For this purpose and in line with the existing research on the topic we will use a set of World Bank's Worldwide Governance Indicators (WGI) that addresses the issue at hand. There are 6 indicators in the dataset covering 215 countries and territories from 1996 to 2014. Four of these indicators seem more relevant for assessing the general impact of the public administration and civil service reform in particular. These are<sup>1</sup>:

- **Government Effectiveness** described as *perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies*
- **Regulatory Quality** described as *perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development*
- **Rule of Law** described as *perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence*
- **Control of Corruption** described as *perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests*

These indicators are measured on a scale from -2.5 to +2.5 where lower numbers denote negative performance (e.g., low Government Effectiveness) and higher values indicate more positive performance (e.g., strong rule of law). For purposes of this research we have standardized the index to a 100-point scale. The WGI also measure the percentile rank of a country in a given year, so we will be using this measurement to make sure that the improvement or deterioration in the index is not explained by the overall trend. Unfortunately, these indicators are available only from 1996 and there is no other relevant measurement that we could use to assess the state of Georgia's civil service in the years preceding the date. Some researchers use International Country Risk Guide (ICRG) measurement components, but their data do not cover Georgia. So we will take the year 1996 as the starting point despite the obvious fact that it may not describe the real state of affairs in the country in previous years. That is because the year 1996 is the year when Georgia more or less stabilized with the active phases of separatist conflicts and the civil war being over. Thus, the indicators in 1996 do not come close to describing what Georgia's Government effectiveness was like in the first years of independence. We can safely assume, however, that it was in much worse state than in 1996.

The effective and respected civil service is a *sine qua non* for the proper functioning of the modern state. If the state machinery is not able to perform as needed, then corruption spreads to the whole society, economic growth is hindered, and general welfare deteriorates. Thus, it should be on all governments' agenda to have a well-functioning bureaucracy lest the country fall into the abyss of poverty and chaos. However, as many scholars, and Douglas C. North earlier than most, have correctly pointed out that in the international arena weak, and inefficient states abound, it seems that the *survival of the fittest* does

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<sup>1</sup> World Governance Indicators -- <http://info.worldbank.org/governance/wgi/index.aspx#doc> Last accessed on August 30, 2016

not really apply to governments and states in the past decades.<sup>2</sup> The logic at work here variously described by North, Olson, Fukuyama, Acemoglu and others duly note the survival imperative of the ruler.<sup>3</sup> The latter faces a difficult choice between maintaining the hold on power while delivering growth. If the growth is not controlled then the wealth spreads and challengers to their rule multiply. On the other hand, if the growth is controlled then initiatives and innovations are stifled. Consequently, long-term growth is not possible. Thus, when the ruler can make choice between staying in power or growth they will choose to stay in power and forego growth opportunities. This logic explains why the inefficient and weak states are so widespread. Only in extraordinary circumstances when the state faces an existential external threat will the ruler make the risky choice and opt for the policies that will let the benefits of economic growth go to wider public. At times, however, the survival of the ruler directly depends on viable and widely spread economic growth. This situation arises in democracy where the effective electorate of the ruler is so wide that the dominant strategy for him/her becomes the provision of public goods instead of relying on the provision of the private goods and benefits to his small circle of supporters.<sup>4</sup> Additionally, there is a chance for an authoritarian ruler as well to pursue efficient policies when they do not feel challenged by political competition. In this case, the ruler supports independent initiatives in the short term as long as he/she remains immune from potential challengers. In the longer term, however, the spread of wealth will create the potential independent power centers, and the ruler will revert to conservative policies, thus, stifling growth.

Discussing the political constraints for civil service reform we take into account this framework and apply it to specific policies that aim at making the public administration in general and civil service specifically more efficient and effective. Accordingly, we expect that the successive governments in Georgia attempted meaningful reforms in the civil service when these reforms supported the regime survival or did not affect this objective adversely. Thus, as expected from 1992 to 2016 the policies aimed at meaningful reforms were more an exception than the rule. Throughout this period Georgia remained a partly free state according to Freedom House Gastil index that ranks countries based on civil and political liberties<sup>5</sup>. Although the same organization classified Georgia as an electoral democracy for almost half of the examined period it never included the nation into the free country category.<sup>6</sup> Consequently, the democratic process in Georgia was never enough for the rulers to make choices that would regularly favor the provision of public goods over the private goods most of the time; the opposite was usually the case.

We divide the public administration and civil service reforms in Georgia into five distinct periods. The first starts at independence and ends in 1997 with the adoption of the Civil Service Code. The next period ends in 2003 with the Rose Revolution. The third period ends in 2007 marking the first wave of reforms by the revolutionary government. The fourth period lasts until 2012 when Georgian Dream (GD) coalition assumed the power as a result of legislative elections in October of the same year. Currently,

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<sup>2</sup> Douglass C. North. *Structure and Change in Economic History*. (W.W. Norton and Company. 1981), 22

<sup>3</sup> Douglass C. North. *Institutions, Institutional Change and Economic Performance*. (Cambridge University Press. 2008), 16. Mancur Olson. "Dictatorship, Democracy, and Development". *American Political Science Review*. Vol. 87. No.3 September, 1993. pp. 567-576. Francis Fukuyama. *The Origins of the Political Order*. (Farrar, Straus and Giroux 2012), 452-453. Daron Acemoglu & James A. Robinson. *Why Nations Fail*. (Crown Business. 2012), 73-87

<sup>4</sup> Bruce Bueno de Mesquita et al. *The Logic of Political Survival*. (The MIT Press. 2005), 100-103

<sup>5</sup> Freedom House – *Freedom in the World Comparative and Historical Data*

[https://freedomhouse.org/sites/default/files/Country%20Ratings%20and%20Status%2C%201973-2016%20%28FINAL%29\\_0.xlsx](https://freedomhouse.org/sites/default/files/Country%20Ratings%20and%20Status%2C%201973-2016%20%28FINAL%29_0.xlsx) last accessed 31.08.2016

<sup>6</sup> Freedom House – *Electoral Democracy Data*

<https://freedomhouse.org/sites/default/files/Electoral%20Democracy%20Table%2C%20%27%27Yes-No%27%27%20list%2C%20FIW%201989-2016.xlsx> last accessed 31.08.2016

we are in the middle of the fifth period of the reforms that is marked by the adoption of the new Law on Civil Service replacing the old after full 20 years. Each period will be examined and the effects of the reforms will be assessed using the 4 most relevant WGI indicators as described above. In each period the major reforms and/or policies will be described. As more data become available the reforms shall also be evaluated based on stakeholder interviews, statements, and/or reports, government, international development agencies, and NGO publications, and published academic papers on the subject. To assess the impact of the reforms in each period we will use the selected indicators from WGI index. Thus, for the first period we will use the data from 1996, for the second period correspondingly the year 2002 will be used, the third and fourth periods will be assessed correspondingly in 2007 and 2011, and for the fifth period of reforms we will use the latest data available from the dataset – 2014. It was decided to evaluate the reforms initiated under UNM government twice because many observers note two distinct periods of reforms corresponding to the years we have chosen. In the first period the government was more proactive while in the second, the momentum of change slowed considerably.

We use the definitions of public governance systems provided by the Organization for Economic Co-operation and Development (OECD) to discern the type of civil service creation aimed at by the adopted legislation and implemented policies in Georgia. OECD defines the traditional or Weberian public administration as input based where the state plays a major role, efficiency is provided by the bureaucratic hierarchy, and the reform is aimed at stabilizing the civil service through meritocratic recruitment and career advancement. In this type of civil service formalization of processes and input management is paramount. The other alternative, already mentioned above, the NPM system is more results based and output oriented, the role of the state is circumscribed to provide enabling environment and significant amount of services is allocated to free market.<sup>7</sup> The direction of particular reforms as expressed in legislation or policies enacted shall be assessed by examining the effects on the following major components of the civil service:

- **Recruitment and Dismissal** – a key component that determines the firing and hiring procedures. In the traditional model one would expect stringent procedures and regulations, generally, recruitment by the open competition based on clear and ideally uniform criteria through institutionalized mechanisms. Sometimes the selection for the service save the entry level positions is limited to the already available pool of civil servants that are either already employed by the state or are in the reserve list. Dismissal procedures are also clear and detailed circumscribing the discretionary power of those in charge. The NPM model would opt for more flexible regulations including the options for direct appointment and in case for open competition the recruitment will not be limited to entry level positions. Dismissal procedures would also be more flexible and offering more discretionary power to those in charge.
- **Remuneration and Benefits** – in a Weberian model the aim would be to have a uniform, and transparent salary scales, bonuses, and fringe benefits closely tied to position, rank, and years served. This would allow for easier mobility of the public employees between various government agencies. In the NPM system the salaries, bonuses and benefits would vary from one government agency to another to allow greater flexibility in attracting the competent professionals.
- **Career Growth and Performance Measurement Mechanisms** – In a traditional model we would find clearly delineated job descriptions, regular performance measurement mechanisms that would be attuned to reward the fulfillment one's duties as described in respective job

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<sup>7</sup> OECD – *OECD Sourcebook: Donor Approaches to Governance Assessments*. 2009. 13-14

<http://capacity4dev.ec.europa.eu/governance/document/donor-approaches-governance-assessments-2009-sourcebook> Last accessed 31.08.2016

descriptions. It would also be expected that the long service would be rewarded with career advancement. Likewise, there would be a clear and detailed list describing various grades of misconduct and underperformance in performing the duties with applicable measures of punishment. In the NPM the career advancement would not be dependent on the longevity of service. It would be dependent on the performance, but the measurement mechanisms would concentrate on deliverables rather than proper adherence to procedures and regulations as in the traditional model.

- **Corruption Control Mechanisms** – In this case the mechanisms in both models could be similar. It can be suspected that the managers would have more discretion under the NPM model to address the suspected corrupt behavior.
- **Overall Policy Development** – In the traditional model it would be expected to have some agency responsible for overall development, monitoring, and managing the civil service. In the NPM model the process may be much more decentralized reflecting the flexibility of the system.

At the same time, it should be taken into account that these models describe ideal aspirations of the Weberian and NPM systems. In practice, as we shall see shortly, the legislation and the policies may fall short of these principles.

To highlight the progress Georgia made towards building effective state machinery seven countries were selected for comparison. These are: Azerbaijan, Armenia, Belarus, Belgium, Lithuania, Moldova, and Slovakia. All of the selected countries have more or less comparable territorial size and population to that of Georgia. All of them except Belgium were once part of the Socialist Bloc. Belgium was chosen because of the comparable population size and as a model example describing an average performer from the Western well-established democracies. Slovakia serves as an example of a country that although part of the socialist bloc was never a part of the USSR. Armenia, Azerbaijan, Belarus, Moldova and Lithuania are all former republics of the Soviet Union. Belarus and Azerbaijan are autocracies throughout the examined period, Armenia oscillated between being autocratic and a hybrid regime, Moldova was either a democracy or a hybrid regime, and Lithuania was democratic throughout the period described along with Slovakia and Belgium. Azerbaijan, Armenia and Moldova suffered from violent conflicts just like Georgia did. At the same time, the intensity of conflict in terms of violent deaths and displacement of people was more severe in Armenia and Azerbaijan, followed by Georgia while Moldova suffered the least of the four. Comparing the effects of civil service development in Georgia as expressed by the WGI indices on the performance of the selected countries allows us to make informed guesses towards the relevance of the impact of the reforms instituted discounting the set of alternative explanations. For example, it could be expected that more democratic countries would do better than autocratic ones over the long term, and the countries rife with internal violence would do worse, especially, shortly after or during the conflicts. Similarly, Slovakia might have performed better than the countries that were part of the USSR.

### Analysis of the Main Findings and Discussion

Being one of the 15 republics of the Soviet Union Georgia inherited a bureaucracy that would easily qualify as inadequate for the task of functioning in the realm of the independent nation; not only most political decisions were made in the Kremlin during the existence of the Soviet Union, but most of the processes that related to the fulfilment of these decisions were crafted centrally in Moscow, the capital of the USSR. Moreover, the soviet bureaucracy embodied everything that could go wrong with the civil service – it was overstaffed, inefficient, corrupt, and incompetent. The only task that this bureaucracy

fulfilled more or less adequately during the late 1980-ies just before the dissolution of the Union was making sure that formal adherence to communist ideology was not challenged openly by the public.<sup>8</sup> Thus, the soviet bureaucracy would easily fall into the category of the civil service that Juan Linz and Alfred Stepan call incapable of fulfilling any meaningful tasks under democratic government.<sup>9</sup> We would only add that this bureaucracy would not be in any way useful to any state, be it democratic or no, that aimed at achieving a measure of economic development as well. Apparently, this was realized by the Gorbachev team that embarked on *perestroika* that aimed at overhauling the whole political and economic system of the Soviet Union in an attempt to make the state more competitive and efficient in the long term. It is certainly true that the main objective of the reform was modifying the vices of the planned economy by introducing private property and consequently, new incentives for innovative approaches, there were additional processes that were put into motion. One of them was introducing the ideas of *glasnost*, the concept that can be loosely translated as transparency, where the citizens were encouraged to speak freely about the ills of the system without the fear of being persecuted. That initiative was eagerly taken up by most of the population and among other issues the evils of soviet bureaucracy were exposed at its fullest. The result of these reformist moves was not a successful reform but the dissolution of the Soviet state, the fall of Communist regimes in the Central and Eastern Europe and the emergence of the newly independent states in the former soviet space. These states more so than their formerly socialist counterparts in the Eastern Europe inherited the state machinery that was not adequate for the tasks ahead.

### First Years of Independence

In fact, effective bureaucracy was only one among the myriads of existential problems Georgia faced immediately after regaining independence in 1992. The official dissolution of the USSR was announced just when Georgia was embroiled in the civil war that was to last for several years. The country also inherited ethnic tensions in two autonomous regions that soon escalated into full-scale conflict ending in effective separation of significant parts of these regions from the rest of the country largely due to the Russian intervention on behalf of the secessionist forces. These developments adversely affected every aspect of political and social life in the country. Following the armed rebellion against the President Gamsakhurdia, who was democratically elected a year before, a military junta took power. Facing international isolation the junta decided to call for Former Soviet Minister Eduard Shevardnadze to head the nation. Shevardnadze erstwhile head of the Georgian Soviet Republic accepted the offer and immediately started to give the regime some semblance of civility. Elections were held in 1992 and it was made sure that all political forces were represented in the Parliament except obviously the former President's supporters who were waging the civil war against the government in charge. At times, the government in Tbilisi had effective control only over the half of the country. Adjara Autonomous Republic headed by Aslan Abashidze remained de facto out of central control and remained so until 2004 when the UNM government managed to oust the Abashidze government through peaceful demonstrations and mounting international pressure. The political, economic and social environment in these years was deteriorating at astounding pace. Various paramilitary and criminal organizations effectively challenged state power effectively subordinating police and other law enforcing institutions. In 1992-1994 the government could hardly provide any security to the citizens not only in the regions,

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<sup>8</sup> Miroslav Beblavy, Management of Civil Service Reform in Central Europe (2002). Gabor Peteri (eds.) „Mastering Decentralization & Public Administration Reforms in Central and Eastern Europe, LGI.“ (2002): 58

<http://ssrn.com/abstract=2402676> Last accessed 31.08.2016

<sup>9</sup> Juan Linz and Alfred Stepan. *Problems of Democratic Transition and Consolidation*. (The Johns Hopkins University Press. 1996), 11



but in the capital as well. The level of economic depression was unparalleled. According to the European Bank for Reconstruction and Development (EBRD) Georgia's economy in Real GDP in 1994 was 25% of what it had been prior to the breakup of the USSR in 1989.<sup>10</sup> Following the failed attempt on his life shortly after the Constitution was adopted by the Parliament on the 24<sup>th</sup> of August, 1995 Shevardnadze managed to consolidate power and paramilitary formations were finally disbanded with their leaders arrested for their part in the plot to assassinate him. November elections in the same year affirmed Shevardnadze's leadership which was to last until 2003. It is clear that in this period Georgian Government had very little time or capacity to spare for any meaningful civil service reform. The country faced existential threats and apparently the decisions were largely taken on an ad hoc basis. The civil service and public administration quality in general deteriorated further, the population faced food scarcity, severe electricity and heating fuel shortages along with deteriorating security environment. In 1996 some of the most dramatic challenges were overcome as the civil war ended and the conflicts in the separatist regions entered the frozen state, economic and social security, however, remained largely unchanged. Still WGI indicators for 1996 show a more favorable situation than they would have in 1993 or 1994.

**Table 1. Georgia Governance Indicators 1996**

Indicators	Estimate	Rank
Government Effectiveness	36.56	27.8
Regulatory Quality	30.23	18.1
Rule of Law	20.95	8.1
Control of Corruption	22.22	4.9

**Note:** Here and elsewhere unless otherwise noted *Estimate* denotes the score scaled to 100, *Rank* denotes percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank). Here and in subsequent tables the numbers in the second column have been rounded. Table is based on the WGI data

Still as one can see from the data above the country entered the 5<sup>th</sup> year of its independence in dismal conditions. Rule of Law and the rate of Corruption, particularly, offer a glimpse about the conditions Georgia found itself in 1996. It is no surprise that governance effectiveness in general and corruption management was so abysmally low if one recalls that one of the most easily manageable public service – the customs was so corrupt that Shevardnadze Government decided to outsource custom control to a foreign company. At the time, the size of the shadow economy in Georgia was one of the highest in the post-soviet space and amounted to about half of the entire GDP.<sup>11</sup> The salaries in the public sector were several times below to those of the private sector, and they were well below the subsistence minimum. Only this factor would have sufficed for the public servants to be corrupt and ill-qualified. As a consequence, the public revenues were extremely low falling to 2.3% of GDP in 1993, and never rising above 10% of the economy; to make things worse inflation was rampant reaching almost 16,000 % in

<sup>10</sup> EBRD – *Transition Report 2012: Integration Across Borders*, 2012.

<http://www.ebrd.com/downloads/research/transition/tr12.pdf> Last accessed 31.08.2016

<sup>11</sup> Christoph H. Stefes. *Understanding Post-Soviet Transitions: Corruption, Collusion and Clientelism*. (Palgrave Macmillan 2006), pg. 145

1994.<sup>12</sup> As one can see from Table 2 below all of the countries we have chosen as a comparison are doing much better than Georgia in terms of government effectiveness.

**Table 2. Governance Indicators for Selected Countries 1996**

Country	Government Effectiveness		Regulatory Quality		Rule of Law		Control of Corruption	
	Estimate	Rank	Estimate	Rank	Estimate	Rank	Estimate	Rank
ARMENIA	41.8	40.0	43.0	37.7	40.2	34.4	40.5	36.1
AZERBAIJAN	31.2	16.6	28.1	15.2	26.9	12.9	24.9	6.3
BELARUS	41.8	40.0	28.2	15.7	35.4	27.8	31.4	20.0
BELGIUM	86.3	93.2	73.9	86.3	76.2	90.0	76.3	86.3
LITHUANIA	56.4	63.9	73.5	85.8	57.2	60.8	48.8	57.6
MOLDOVA	42.5	41.5	50.4	53.4	46.3	47.4	45.9	50.7
SLOVAK REPUBLIC	61.5	71.2	60.3	66.7	53.1	56.5	57.1	66.3

Table is based on the WGI data

Table above shows that even Armenia and Azerbaijan that suffered from the bloodiest and longest conflict among the countries examined do better than Georgia in terms of Corruption and the Rule of Law. The other countries including conflict ridden Moldova have scores that are several times superior to that of Georgia.

### I Period of Reforms

The second period of state building and accompanying reforms starts from 1995 and for the purposes of this article the most important event is the adoption of the Georgian Civil Code in 1997. It seems that it took full two years for Shevardnadze since consolidating power as the President of Georgia to address the issues related to civil service. At this moment, the Baltic Republics and the newly democratized countries of Eastern Europe were already experimenting with the New Public Management (NPM) principles in attempts to reform their bureaucracies.<sup>13</sup> These principles became the staple of reforms in the West by the mid 80-ies of the past century, and they were informed by the need to downsize the government, make it more efficient, and outsource services to the private sector as much as possible. These trends were very much falling in line with the so-called early Washington Consensus.<sup>14</sup> The examination of the Civil Code adopted in 1997, however, reveals that these trends were not considered

<sup>12</sup> World Bank. *World Bank in Georgia 1993-2007: Country Assistance Evaluation*. 2009 2-4

<http://siteresources.worldbank.org/EXTCOUASSEVAL/Resources/GeorgiaCAE.pdf> Last accessed 31.08.2016

<sup>13</sup> Miroslav Beblavy, *Management of Civil Service Reform in Central Europe* (2002). Gabor Peteri (eds.) „Mastering Decentralization & Public Administration Reforms in Central and Eastern Europe, LGI.“ (2002): 59

<http://ssrn.com/abstract=2402676> Last accessed 31.08.2016

<sup>14</sup> Pippa Norris. *Making Democratic Governance Work: How Regimes Shape Prosperity, Welfare, and Peace*. (Cambridge University Press. 2012) 32

by the Georgian legislators at the time. Still the adoption of this legislation is a landmark event, because from this point on we can follow how the civil service was taking shape in the country.

The 1997 Law on Civil Service was adopted by the Parliament of Georgia in October, 1997 and entered into effect on the 1<sup>st</sup> of December of the same year.<sup>15</sup> The original version consists of 17 chapters and 136 paragraphs. As the law remains in force until the 1<sup>st</sup> of January of 2017 it is understandable that 107 changes were made to it in the past two decades.<sup>16</sup> These changes reflect the changing attitude of various governments towards the public administration and civil service. According to the research plan we shall analyze these developments divided into the periods as described above. Thus, in the second period of civil service reforms the law underwent 25 changes. Most of these changes reflected administrative changes, but on occasion modified remuneration and severance packages.

The 1997 law allows for the discretionary recruitment practices, and leaves the possibility of open competition for bureaucracy positions as largely a voluntary choice for the agency. The dismissal procedures are very general and leave wide latitude of action for the management. The remuneration and benefits are not uniform and do not have to follow a unified standard. They do envision the pay rise with the longevity of service. The latter factor was initially affecting the size of the severance package that was later amended. Yet another amendment introduced an obligatory retirement age of 65 years for men and 60 years for women. In the initial version there was no provision for maternity leave, but it was introduced later on. The employees are provided by 3 months' study leave in 5 years, but there was no obligation for the agency or the employee to use this opportunity. In terms of career growth and performance measurement the law does not establish any regular mechanism against which the employee's work shall be assessed. It does require the employees to undergo the attestation process every three years. However, this mechanism simply confirms whether an employee is fit to continue on the position or not. Only in extraordinary circumstances such as the abolition of a given agency or restructuring where the staff has to be downsized the management may take the results of the attestation into account. This formulation makes it clear that the management is free not to consider these results at all. Disciplinary measures are enumerated, but the list of infractions is not present. Anti-corruption mechanisms are reasonably well represented and regulate such issues as accepting gifts, disclosure of financial statements, temporary ban of employment of the former civil servant in the industry that used to be directly supervised by them when employed in the public sector, etc. The law establishes the Civil Service Bureau to oversee the process of reforms and developments, but its role and structure remains thinly defined.

The civil service development in practice remained largely stagnant in 1997-2003. The discretionary powers allotted to the decision-makers allowed them to freedom of action in hiring and firing often disregarding obvious conflicts of interest. As a result the trust towards the public institutions remained low, the provision of public goods and services was far from adequate, and the corrupt practices remained unchallenged. As it was noted earlier the corruption was so rampant that the government decided to outsource customs work to a private, British company in 1999. The particular effort proved to be unsuccessful, but governance did not improve significantly elsewhere, and tax collection did not

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<sup>15</sup> Legislative Herald of Georgia *Law on Civil Service* 1997. Original version.

<https://matsne.gov.ge/ka/document/view/28312?publication=0> Last accessed 31.08.2016

<sup>16</sup> Legislative Herald of Georgia *Law on Civil Service* 1997. Consolidated version.

<https://matsne.gov.ge/ka/document/view/28312?publication=107> Last accessed 31.08.2016

reach more than 15%. The electricity and heating fuel shortages remained widespread.<sup>17</sup> The WGI indicators for 2002 show that the situation remained largely unchanged.

**Table 3. Georgia Governance Indicators 2002**

Indicators	Estimate	Rank
Government Effectiveness	32.40	19.51
Regulatory Quality	33.80	20.59
Rule of Law	26.60	12.44
Control of Corruption	27.20	7.32

The table is based on WGI data

It can be observed that in 7 years there was no meaningful progress made in any of the 4 dimensions examined. On the contrary, in terms of Government Effectiveness measure there is a decline both in absolute and comparative terms. The stagnation in terms of the indices is apparent.

**Table 4. Governance Indicators for Selected Countries 2002**

Country	Government Effectiveness		Regulatory Quality		Rule of Law		Control of Corruption	
	Estimate 2002	Rank 2002	Estimate 2002	Rank 2002	Estimate 2002	Rank 2002	Estimate 2002	Rank 2002
ARMENIA	46.55	49.76	50.14	53.43	42.41	42.58	37.00	34.15
AZERBAIJAN	31.04	15.12	35.61	24.02	32.94	24.88	28.93	10.73
BELARUS	30.79	14.15	18.41	4.90	24.56	9.09	34.42	28.78
BELGIUM	89.72	96.59	75.58	87.25	76.32	89.00	79.00	91.22
LITHUANIA	60.54	69.76	71.32	82.84	57.07	61.72	50.89	59.51
MOLDOVA	37.82	31.22	41.86	38.73	37.14	32.54	31.09	18.54
SLOVAK REPUBLIC	61.44	72.20	68.84	78.92	54.78	59.33	48.01	55.12

The table is based on WGI data

The comparison with our selection demonstrates that Georgia has not made any meaningful gains. The only country that is doing worse is Belarus. Autocratic Azerbaijan scores better in all indicators save one. All other countries are doing much better; Armenia not a high performer by any measure ranks several times higher than Georgia.

<sup>17</sup> World Bank. *Fighting Corruption in Public Services: Chronicling Georgia's Reforms*. 2012. 45. <http://documents.worldbank.org/curated/en/518301468256183463/Fighting-corruption-in-public-services-chronicling-Georgias-reforms> Last accessed 31.08.2016

## II Period of Reforms

Such a dismal performance in a relatively free political and economic environment turned out to be explosive and the Georgian Government could not maintain its hold on power. The contested legislative elections in 2003 transformed into a peaceful revolution that was triggered by widespread ballot stuffing and electoral fraud on a massive scale. This event spurred a wave of colored revolutions in the former Soviet area. These revolutions had major impact on the whole region but their success was mixed. The Rose Revolution, however, had tremendous consequences for Georgia.

The new government set out to make changes at once. The leadership was young and significant number among them was western educated. They believed they could deliver immediate results by making the state more efficient. In fact, they turned out to be right as the country has fallen so low any improvements would be impressive.

The new leadership decided on the frontal assault and did not spend much time on fine-tuning the reforms. They hit the most visible corrupt institutions first dismissing around 16 000 traffic police overnight. The streets were left unregulated for a couple of weeks, but this turned out to be welcome development as the traffic police was only engaged in soliciting bribes. Shortly, new patrol police was put in charge of traffic regulation composed of new recruits that underwent only few weeks of training. The duration of training was gradually increased as the positions slowly became filled. They made sure that the bosses of the organized crime are arrested as well as the most hated oligarchs who were either top officials of the former government or closely tied to them. They raised millions of USD by instituting the plea bargaining system that allowed these oligarchs to buy their freedom. There were reforms in economic, financial and education sectors that reduced corrupt incentives dramatically. All of these changes were instituted swiftly, decisively and had several traits in common. First, salary raises were combined with extensive oversight and zero tolerance for corruption. Those discovered to be engaged in corrupt behavior were jailed and shamed publicly irrespective of their rank or their contribution to the Rose Revolution. Second, most of the government regulations, procedures, and taxation were simplified. Third, the government was dramatically downsized. Fourth, the introduction of new technologies reduced the discretion of individual civil servants<sup>18</sup>. In all of these efforts the government was more outcome than procedure oriented. In most of the cases, the government either stretched the existing law to the limit or neglected the due process altogether. These methods were to have adverse consequences for the democracy development and government survival in the medium term. For the initial period, however, the results delivered were impressive.

**Table 5. Georgia Governance Indicators 2007**

Indicators	Estimate	Rank
Government Effectiveness	52.16	56.31
Regulatory Quality	55.67	60.68
Rule of Law	43.28	45.93
Control of Corruption	45.02	50.97

The table is based on WGI data

The table above shows that the government made impressive gains in all of the selected areas. The corruption ranking of the country improved sixfold. All the other indicators also show significant

<sup>18</sup> Fighting Corruption. pp 1-11

improvements ranging from 2 to 3 times the 2002 data. This transformation was not a region-wide trend as the table below demonstrates.

**Table 6. Governance Indicators for Selected Countries 2007**

Country	Government Effectiveness		Regulatory Quality		Rule of Law		Control of Corruption	
	Estimate 2007	Rank 2007	Estimate 2007	Rank 2007	Estimate 2007	Rank 2007	Estimate 2007	Rank 2007
ARMENIA	42.94	44.17	55.37	59.22	40.92	40.67	36.73	29.13
AZERBAIJAN	34.69	23.30	41.18	35.92	34.20	23.92	29.64	12.62
BELARUS	27.48	12.62	21.36	5.83	27.14	11.96	36.37	27.67
BELGIUM	82.21	91.75	78.30	91.26	76.12	89.00	75.94	85.92
LITHUANIA	64.13	74.76	71.71	83.50	63.43	70.81	50.70	58.25
MOLDOVA	33.85	22.33	44.44	43.69	39.49	36.84	37.97	33.01
SLOVAK REPUBLIC	64.89	77.67	70.65	82.52	59.03	63.16	56.08	67.48

The table is based on WGI data

Georgia is surpassing all countries in the list that are not EU members in all indicators. Moreover, there is no single country in the list that had improved the performance in comparable terms. The reforms that brought such impressive results could not have been done without reforming the civil service and public goods provision. Yet no new law was adopted and the government felt it could do with changing the practice and amending the existing law as necessary. There were 55 amendments made to the law in the period under discussion and most of them weakened the position of civil servants with the aim of facilitating the firing and hiring practices, and eliminating various benefits allotted to them in the original version of the legislation.<sup>19</sup> At the same time, the amended law created a new institution – Civil Service Council (CSC) – In June of 2004. The Council was headed by the President of Georgia and included key government members. The Secretary of the CSC, appointed by the President, was to head the CSB. This decision denotes how important achieving successful transformation of the bureaucracy was to the government. The ways and means to achieve success was hotly disputed among the members of the government with one faction, led by the State Minister for Reform Coordination Mr. Kakha Bendukidze, favoring the NPM system and the other, mostly comprised by the representatives of the Parliament headed by Ms. Khatuna Gogorishvili, preferring traditional approaches.<sup>20</sup> Both sides agreed that the existing bureaucracy was not fit to perform tasks the government wanted to accomplish. It seems that in the initial phase of reforms the government was united in the belief that the old, corrupt cadres had to go. The differences started to emerge after the first wave of staff replacement. The NPM proponents believed that government should retain full control of the bureaucracy keeping the right to appoint and dismiss the public employees as needed. The supporters of the traditional Weberian model stressed the importance of bureaucracy in maintaining the

<sup>19</sup> Legislative Herald of Georgia *Law on Civil Service* 1997. Updated version 2007.

<https://matsne.gov.ge/ka/document/view/28312?publication=48> Last accessed 31.08.2016

<sup>20</sup> George Welton et. al. *The Prospects of Civil Service Reform*. 2007.

[http://www.geowel.org/index.php?article\\_id=28&clang=0](http://www.geowel.org/index.php?article_id=28&clang=0) Last accessed 31.08.2016

institutional knowledge. One of the most fervent advocates of the NPM the Deputy Minister in the Office of the State Minister for Reform Coordination (OSMR) Mr. Vakhtang Lezhava explained to the researchers of Georgian Institute of Public Affairs in an interview that the contractual more flexible civil service is optimal for Georgia for 5 main reasons<sup>21</sup>: First, the professional, Weberian civil service never existed in Georgia and thus, it would be a taxing effort to create one from scratch, especially, given the availability of the alternatives like NPM. Second, it would be impossible to change the staff at a rate required for the reforms. Third, institutionalized civil service would derail ministerial autonomy, thus, powerful ministers would undermine the creation of such state machinery by stalling, making various loopholes, and exceptions, consequently rendering whole process intractable. Fourth, it is unlikely that the *best* people would want to be in the civil service permanently. Fifth, the autonomy of ministerial discretion in recruiting the staff is instrumental in curbing the corrupt activities. As corruption is hard to prove the ministerial discretion to fire people suspected of corrupt behavior is the only way to keep the public administration on the right track. The other faction, however, pointed out the frequent reshuffling of ministers in the government that usually resulted in replacement of the key staff in ministries, thus, compromising institutional knowledge and sense of stability in the bureaucracy. This in turn would decrease civil service efficiency in the medium term. The government itself was undecided which option to follow and the very creation of the OSMR served as a counterweight to the CSB that favored the creation of the professional civil service. The NPM supporters were always a dominant faction given their positions in the executive branch of the government, but their complete victory over the opposition was finalized in 2007 when the Parliament rejected the Civil Service Code proposed by the advocates of the Weberian civil service on the 18<sup>th</sup> of June of the same year.<sup>22</sup> Since then the CSB also joined the ranks of the NPM supporters and started to concentrate on the issues that stressed efficiency and meritocracy instead of institutional knowledge creation or permanency of the civil service. Thus, the bureaucracy of the revolutionary government operated in the first four years after 2003 strongly resembled the NPM model. Recruitment and dismissal was totally under the discretion of the heads of agencies, and did not take into account the longevity of service or values of bureaucratic autonomy. Remuneration and bonuses were decentralized, and heads of agencies were given wide latitude in punishing or rewarding their employees as well as in setting the standards of achievement. Career growth was of secondary importance as the government believed in the “revolving door” strategy whereby the staff would constantly flow in and out of the civil service. The corruption control mechanisms depended on the ministerial political will and government oversight, thus, ministers and heads of agencies were personally responsible for corrupt behavior in their offices. This mechanism assured that the managers exerted due effort in eliminating corrupt behavior. The responsibility for overall strategy formally rested with CSC and CSB, but OSMR played increasingly important part. Generally, each major agency of government was allowed to implement individual policies as they saw fit as long as they delivered the required outcomes.

### III Period of Reforms

In the third period the reforms started to peter out. The causes for such development of events were several. The most important of them was undoubtedly the troubled democratization process. Although the government managed to create a viable and efficient state the incumbent party would take no chances in maintaining the hold to power. Thus, reforms that would ensure non-partisan character of institutions did not take root. The government’s unwillingness to introduce meaningful reforms in the

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<sup>21</sup> GIPA interview with Mr. Vakhtang Lezhava (October, 2007)

<sup>22</sup> The Parliament of Georgia. Official Website <http://info.parliament.ge/file/1/BillReviewContent/119771?> Last accessed 31.08.2016

justice system and state security is a case in point. It seems that reforms under nondemocratic premises have very small chance to proceed in the longer-term. The November events that saw government to use excessive force against peaceful demonstration created a deadlock that could only be resolved by an early Presidential Elections of 2008 that the incumbent United National Movement leader Mikheil Saakashvili won only barely. The election results were hotly contested and the international observer missions spotted significant infractions and irregularities on the part of the incumbent.<sup>23</sup> The 2008 August War with Russia did not help, and the government routinely started to employ Russian threat to divert criticism regarding the slow pace of democratic reforms or autocratic tendencies it increasingly displayed. Still the UNM managed to keep the corruption under control and made some gains in increasing state efficiency. It failed, however, to match the successful state-building process with commensurate progress in building democracy and rule of law. The table below shows that while the major indicators hold the pace of progress is not the same.

**Table 7. Georgia Governance Indicators 2011**

Indicators	Estimate	Rank
Government Effectiveness	61.05	69.19
Regulatory Quality	63.03	73.93
Rule of Law	47.45	51.64
Control of Corruption	49.51	56.87

The table is based on WGI data

Compared to the previous period the improvements in absolute terms in all variables are three times less. Georgia is still rising in the percentile ranks as worldwide trend deteriorated. The trends were equally worsening in most of the selected countries as can be observed below.

**Table 8. Governance Indicators for Selected Countries 2011**

Country	Government Effectiveness		Regulatory Quality		Rule of Law		Control of Corruption	
	Estimate 2011	Rank 2011	Estimate 2011	Rank 2011	Estimate 2011	Rank 2011	Estimate 2011	Rank 2011
ARMENIA	47.90	51.66	55.25	58.29	41.51	42.25	38.07	32.23
AZERBAIJAN	34.89	25.12	42.66	38.39	32.76	22.07	27.63	11.37
BELARUS	28.09	13.27	25.87	9.48	28.34	14.08	35.50	24.64
BELGIUM	83.19	93.84	74.77	86.73	78.07	89.20	81.20	91.47
LITHUANIA	64.33	72.99	68.79	78.67	65.13	73.24	54.80	64.93
MOLDOVA	37.95	32.23	48.37	51.18	42.57	44.13	37.48	29.38
SLOVAK REPUBLIC	66.70	75.83	70.06	80.09	61.44	67.61	54.87	65.40

The table is based on WGI data

<sup>23</sup> OSCE. *Final Report: Extraordinary Presidential Elections in Georgia January 5, 2008*. 2008 <http://www.osce.org/odihr/elections/georgia/30959?download=true> Last accessed 31.08.2016



It can be observed that in all countries the state of affairs remained largely the same as in the previous period across the board, and Georgia still progressed closing the gap with the nations from the EU. In line with the arguments presented above Georgia was doing rather well in terms *Control of Corruption* and fared worst in *Rule of Law* direction. That is government maintained the results of the already successful reforms, but was failing to achieve the same in the fields where democratization and following due process was important.

#### IV Period of Reforms

The Parliamentary elections held in October, 2012 marks yet a new era in Georgian modern history. As a result of these elections the ruling UNM peacefully relinquished the control of the government and went into opposition. Georgian Dream coalition that assumed power vowed to restart democratization process and divest public institutions from partisan sentiments. It was in this general framework that the role of the state bureaucracy came under government attention, and it was decided that the new government would institute reforms that would create an independent, apolitical, meritocratic, and professional civil service. The process involved extensive planning and analysis on the part of the government, especially the CSB that included exchange of ideas with a number of foreign and national experts, civil society organizations through numerous consultations and working sessions. The result was the adoption of the new Law on Civil Service on the 27<sup>th</sup> of October 2015 by the Georgian Parliament that enters into effect on the 1<sup>st</sup> of January of 2017.<sup>24</sup>

The law is generally hailed by the most of the stakeholders involved in the process as a promising start of making Georgian Civil Service more efficient in the long run. It roundly rejects the major tenets of NPM retaining only technology friendly attitude that the former reforms in this sector had established. The reform envisions changes in 10 key directions or categories, among them the adherence to career-based civil service, political neutrality of bureaucracy, stronger coordinating role of the CSB, remuneration linked to unified ranking system, performance measurement and detailed recruitment and dismissal regulations.<sup>25</sup>

The new law in line with the aspirations expressed above attempts to promote the professional civil service based on life-long career of the public servants, establishes uniform hiring, firing, assessment, rankings, remuneration and qualification enhancing procedures for most of the civil servants in the country. CSB has quite a role to play in the monitoring, evaluation and directing both the policy and the implementation of the code and associated activities.

As Ms. Catherine Kardava the Head of the CSB explained this accomplishment was in large predetermined by the political will of the new government to do away with the “politicization” of the civil service as was the practice throughout the previous governments. The main idea of this process was to ensure more independence of the civil servants from changing political fortunes. In the past, it was customary for the new government to seriously overhaul the staff employed by the public institutions by preplacing the existing cadre with new government loyalists. Besides new appointees for the Ministerial office within the same government would generally replace quite a few personnel upon assuming the office. During government reshuffles it was customary for the Ministers to take core staff along to their new offices.<sup>26</sup>

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<sup>24</sup> Legislative Herald of Georgia <https://matsne.gov.ge/ka/document/view/3031098> Last accessed 31.08.2016

<sup>25</sup> Civil Service Bureau. „Annual Report 2013-2014.“ (2014): 12-14.

[http://csb.gov.ge/uploads/Annual\\_Report\\_2013-214\\_opt.pdf](http://csb.gov.ge/uploads/Annual_Report_2013-214_opt.pdf) Last accessed 31.08.2016

<sup>26</sup> Interview with Catherine Kardava (June, 2016)

So, according to Ms. Kardava the decision to depoliticize the civil service was made as early as 2012 electoral campaign, subsequently, there was no opposition within the government to this goal. However, as not all electoral promises are fulfilled, and there was no guarantee that this particular pledge would be followed through. According to Ms. Kardava the process started almost from the very first day the new government came into office, and that was important.<sup>27</sup>

Other respondents also believe that the law improves the situation in the civil service but point out that it provides a framework, and much will be decided on the content of the normative acts to be adopted prior to the entry of the said law into force. According to Mr. Zaur Abashvili who was involved in the process of the reform the issues of certification, salary scales, and extension of the law to cover the activities of the Legal Entities of Public Law (LEPL) will be decisive in this regard.<sup>28</sup> These issues have always been contentious and politically sensitive according to Ms. Marika Gorgadze, Program Manager in the USAID funded Georgia Good Governance Initiative (G3).<sup>29</sup> She is also positive of the new law, but points out at times it is too rigid when not allowing recruitment of the civil servants for ranks above the entry level. It could render the bureaucracy less adaptable to changes, but on the other hand it offers a needed sense of stability to the public sector employees that underwent quite tumultuous turnovers during the previous government. Ms. Nino Gogelashvili, who has worked in the civil service for more than a decade and is currently working in LEPL National Bureau of Enforcement, Ministry of Justice also points out that in the last years the employees feel more secure.<sup>30</sup> At the same time, it is still not clear whether the law will apply to the LEPLs and this creates some ambiguity. Ms. Elene Gotsadze from the Good Governance initiative believes that normative acts pertaining to LEPLs could be divisive, and may hinder the meaningful implementation of the law.<sup>31</sup> The proper applicability of the law to the local governance institutions is another issue where the new reform will be tested. According to Mr. Alexander Svanishvili it will take much effort to implement the law in good faith in the provinces.<sup>32</sup> He pointed out that the local authorities sometimes find ingenious ways to circumvent the regulations in order to ingratiate their political supporters. For example, the current regulations do not allow the municipalities to spend more than one quarter of their total budget on salaries. This limitation is often overcome by the local incumbents through the establishment of various local organizations and then contracting them to perform various tasks.

The reform is still ongoing and the results will be dependent on the continuing and focused support of the top leadership of the country. Still even in 2014, the latest year from which we have the WGI data, the trends were encouraging.

**Table 9. Georgia Governance Indicators 2014**

Indicators	Estimate	Rank
Government Effectiveness	59.69	71.63
Regulatory Quality	68.51	79.33
Rule of Law	54.04	64.42
Control of Corruption	64.84	75.48

The table is based on WGI data

<sup>27</sup> Interview with Catherine Kardava (June, 2016)

<sup>28</sup> Interview with Zaur Abashvili, Ministry of Justice, Department of Legal Drafting (June, 2016)

<sup>29</sup> Interview with Marika Gorgadze (June, 2016)

<sup>30</sup> Interview with Nino Gogelashvili (August, 2016)

<sup>31</sup> Interview with Elene Gotsadze (June 2016)

<sup>32</sup> Interview with Alexander Svanishvili, Expert on Local Governance, UNDP Programme (June, 2016)

The country had made impressive gains in fighting the corruption and improving the rule of law environment. The previous government also made impressive gains in fighting the corruption, but then the pace slowed as the top level corruption remained very much present. The increase in scores for the new government in all likelihood is explained by significant reduction in elite corruption while maintaining the achievements of the previous government in combating the mass corruption. The rule of law indicator offers strong suggestion that the government was serious about making democratic changes, but this area still remains as the most problematic when compared to the other indices.

**Table 10. Governance Indicators for Selected Countries 2014**

Country	Government Effectiveness		Regulatory Quality		Rule of Law		Control of Corruption	
	Estimate 2014	Rank 2014	Estimate 2014	Rank 2014	Estimate 2014	Rank 2014	Estimate 2014	Rank 2014
ARMENIA	46.61	46.15	54.35	60.10	43.58	43.75	41.18	40.38
AZERBAIJAN	43.22	42.31	44.15	43.75	37.87	30.77	31.59	17.79
BELARUS	40.08	35.10	29.10	13.94	33.74	22.60	43.59	47.60
BELGIUM	77.99	88.46	73.46	85.10	80.22	88.94	81.05	91.35
LITHUANIA	69.89	78.85	73.99	87.02	68.13	78.37	59.58	68.75
MOLDOVA	42.36	39.90	50.50	53.85	44.53	46.63	33.09	20.67
SLOVAK REPUBLIC	67.42	75.48	67.93	78.85	59.46	69.23	52.34	60.10

The table is based on WGI data

The gap between Georgia and the EU countries is closing fast. In corruption control Georgia has already surpassed Lithuania and Slovak Republic, and has better scores than the latter in providing the better environment for the private business. Still there is much to be done if the initiated reforms are to bear fruit.

### Conclusions

So far the reform has been going in the right direction, but the risks remain. It is very difficult for a government that has about half of all the hired employees in the public sector to completely abstain from patronage in distributing the public sector jobs. The fact that the reform is still progressing could be best explained by the fortuitous sequence of events that lead to successful adoption of the code. One of the theories of drastic political reform as expressed by common political idiom as a first one hundred days, etc. implies that such dramatic changes are possible in two general contexts: One, after the revolutionary change when the old system has no legitimacy and popular support for the new incumbent is widespread and intense, and second, when the major stakeholders do not feel sufficiently threatened by the announced changes. The second explanation seems to fit the case as the defeat of the UNM in the elections was so unexpected for the victors they might not have fully grasped the minute details that the civil service reform would bring. The nature of the new government must have also played part in contributing to such an outcome; the victorious Georgian Dream coalition was exactly

that – a coalition – where cohesion such as expected in an established party was largely absent. Comprised of 6 independent political forces that distributed ministerial positions among themselves, the constitutive members of the coalition did not value the benefits of power concentration as they would have if they were representing a single political entity. It seems reasonable to suggest that the coalition members were at best ambivalent of such a development, being unsure that the initial disbursement of positions favored them in the long run. Thus, the idea of creating more independent civil service did not seem as objectionable to them as they did to the previous governments. Still these circumstances would not matter if the CSB did not take quick and decisive steps to seize the moment. Any delays would have resulted in the formation of the entrenched interests from the part of the ministries and the political entities that they represented. These delays could have translated into a stable and entrenched status quo where particular member parties of the coalition would have concentrated in ensuring that their ministries were staffed according to their political needs, thus, creating more secure hold to that particular office. Seemingly, that was the modus operandi of the Shevardnadze government that relied on the constant competition among the rival political groupings within their government. Now after the 4 years and the new elections at hand much will be decided by the approach that those in power will have about the uniform salary scales, position ranks, certification exams, and the scope of coverage of the Law.

The latest developments suggest, however, that the reform is far from over. It is now very likely that the new Code will not be entering into force on the 1<sup>st</sup> of January as planned.<sup>33</sup> The new Parliament where Georgian Dream coalition has a constitutional majority is set to delay the Law by 6 months' period.<sup>34</sup> This development is directly caused by the inability of the Government of Georgia to fulfill the transitional provisions of the Law including but not limited to the adoption of key legislation regarding remuneration of civil servants, LEPLs, various ordinances and measures as enumerated in Chapter XV of the Law of Georgia on Public Service.<sup>35</sup> There may be deeper causes for explaining the failure of the government to make the law effective as originally planned; these, according to our respondents, are the fast pace in the actual adoption of the Law, and the content of the same, where the most contested issues were relegated to the transitional provisions that the Government failed to address in time. It seems that until the new wave of reforms starts transforming the nature of the civil service of Georgia there is much to be done and still a long way to go.

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<sup>33</sup> The Parliament of Georgia. The Agenda for the Plenary Session 21.12.2016. <http://parliament.ge/ge/saparlamento-saqmianoba/plenaruli-sxdomebi/plenaruli-sxdomis-dgis-wesrigi/saqartvelos-ix-mowvevis-parlamentis-2016-wlis-21-dekembridan-mowveuli-riggareshe-sesiis-21-23-dekembris-plenaruli-sxdomebis-dgis-wesrigi.page> Last accessed 22.12.2016

<sup>34</sup> Inter-Parliamentary Union. *Last elections of the Georgian Parliament* 08.10.2016. [http://www.ipu.org/parline-e/reports/2119\\_E.htm](http://www.ipu.org/parline-e/reports/2119_E.htm) Last accessed 22.12.2016.

<sup>35</sup> Legislative Herald of Georgia. *Law of Georgia on Public Service*. <https://matsne.gov.ge/en/document/view/3031098> Last accessed 22.12.2016.

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