

Dear Sir/madam,

We would like to express sincere compliments to the Transparency International's Defence and Security Programme and you personally. The Ministry of Defence of Georgia has been contributing to elaboration of the Government Defence Anti-Corruption index run by the Transparency International UK.

We would like to underline that we appreciate and cherish our cooperation and are very glad to be part of independent scrutiny. We are fully committed to seeing through our Defence reforms, aiming to create Armed Forces with wholly new military capabilities and high combat readiness ability, capable of dynamic cooperation with NATO and partner states which will contribute to security in the Caucasus region.

Defence and security policy of Georgia is not confrontational. With the help of our international partners the Georgian Armed Forces are enhancing own capabilities to contribute to both regional and international peace and stability. Georgia appreciates the continuous support it receives from its partner states for the development of its defence capabilities.

Increasing transparency and accountability in the defence sector remains one of our highest priorities. To support this goal the MoD actively cooperates with civil society and is accountable to both government and the parliament of the country. The members of the Parliamentary Committee on Defence and Security and Trust Group are regularly informed about ministerial activities and plans.

The Ministry of Defence is actively cooperating with the civil sector. We have set up three thematic working groups composed of experts and representatives from various non-government organizations (transparency and human rights, and international operations, defense transformation and NATO working groups). We run periodic meetings with group members to raise awareness of civil society about Ministry`s activities and reforms. The membership of these working groups is open to all interested organizations.

Another clear example of active cooperation with civil society and experts is the Defence and Security Conference organized by the Ministry of Defence annually. In recent years, conference has grown into unique forum in South Caucasus. High officials, experts, non-governmental organizations, civil society, media and academia representatives are discussing Euro-Atlantic security and other related issues. The overall aim of the conference is to share the best practices and to deepen cooperation in defence and security domain. This event brings together about 300 experts in order to discuss solutions related to security trends on regional and international level.

We also try to ensure that documents related to legislative regulations in defence domain are up to date and correspond to existing needs and demands. To this end I am pleased to underline that the

draft law on the “State Defence” was developed for the first time legally underlying the importance of the civil democratic control. The draft re-defines issues such as, interrelation between military forces and armed forces, state defence system, subjects participating in defence of the state, their powers and duties as well as issues related to the use of defence forces of a foreign state.

Fighting corruption is our national commitment. The government of Georgia elaborated “National Anti-corruption Strategy” to fight corruption in all public domains including the Defence Sector. The Ministry of Defence is committed to fulfil provisions of the Anti-corruption Action Plan for 2015-2016. Moreover, in order to strengthen anti-corruption measures, Building Integrity and Corruption Monitoring Council was established in the Ministry which aims to aid building integrity, implementation of anti-corruption measures and development of relevant anti-corruption policy. We have also developed periodic Building Integrity seminars for civilians and military personnel to reduce possible corruption risks.

The financial domain also became a subject of review. In order to better plan and carry out the spending of allocated financial resources a budget solely based upon defence programs was elaborated in 2015 by the Ministry. For the first time, within the framework of this process, we have identified program coordinators which will lead program planning and implementation process.

The special emphasis has been put upon development of the human resources management institutional mechanisms. These aim to establish stable and contemporary human resource management systems both in civil office and armed forces that are based on the principles of just, equal opportunities, transparency and objectivity. This is underscored by transparent and impartial personnel selection process that is underway in the Ministry and the armed forces.

Finally we consider that the job you are doing is immensely important and valuable for us. We deeply believe that in the scope of our cooperation, we will experience dramatic improvements in defence transparency domain and bring much better results for the next assessment. We look forward to continue our cooperation with Transparency International over coming years.

Sincerely,

Ministry of Defence of Georgia

The MoD Comments on TI UK Country Defence Index

2014-2015

Note: This document encloses updated information/additional comments regarding information given in the several Questions from the draft document “TI-UK Country Defence Index 2014-2015” that Ministry of Defence of Georgia would like to be included.

1.1. Defence and Security Policy

01. Is there formal provision for effective and independent legislative scrutiny of defence policy?

(Below is information on Cooperation between the Ministry of Defence of Georgia and the Parliament of Georgia from January 1 until 2015 until the present)

The Ministry of Defence of Georgia is focused on the efficient relationship with the Parliament and is very proactive to arrange the meetings and discussions on the defence and security issues.

8 draft laws and 3 international treaties were submitted to the Parliament; 3 draft laws (Draft Law on State Defence; Draft Law on Participation in International Operations and International Missions; Draft Law on State of War and State of Emergency) are to be submitted.

With the participation of the Ministry of Defence of Georgia there were held:

- 26 committee hearings (including 10 hearings in the Committee of Defence and Security)
- 2 meetings of Group of Confidence;
- 7 plenary sessions;
- 3 working meetings (round table related to issues of legislative initiatives and eradications of existing deficiencies of the legislation in force in the defence sphere; as well as - to possibility of use of armed forces in crisis situations) and 1 workshop (share foreign experience of parliamentary oversight over executive organs) in the Committee of Defence and Security.

The Minister of Defence submitted report to the Committee of Defence and Security two times. Information on conducted and planned classified/non-classified state procurements was submitted to the Committee of Defence and Security 11 times in 2015. Also, 7 questions of the members of the Parliament were received within the scope of deputy query.

In the Parliament, in the framework of the trust group, on the Georgia- French Contract on Anti Air Defence Systems, the Ministry of Defence of Georgia hold the meetings and discussions on each stage of the consultations. All the details were discussed with the trust group and Mod Representatives answered all the questions which were raised in the format of the trust group at all the stages of the negotiations.

The Ministry of Defence closely cooperates with the Defence and Security Committee of the Parliament in the case of high value state procurement, mainly the information about goods and service purchasing over 2 mln GEL and reconstruction service purchasing over 4 mln GEL are obligatory provided to the mentioned committee. In regard of the mentioned, the parliamentary committee and the Trust Group were

provided with the related procurement information eleven times in 2015, (that covers purchasing about 70 mln GEL).

02. Does the country have an identifiable and effective parliamentary defence and security committee (or similar such organisation) to exercise oversight?

Deputy Defence Minister, Mr. Besik Loladze is a Parliamentary Secretary. He is actively engaged into dialogue and discussions between the MoD and the Parliament (Defence and Security Committee). Also, there is an active collaboration between the Department of Relations with the Parliament and the Legal Issues of the Ministry of Defence of Georgia and the Parliament's Defence and Security Committee.

In addition, the MoD tries to ensure that documents related to legislative regulations in defence domain are up to date and correspond to existing needs and demands. For instance, the draft law on the "State Defence" was developed by the Ministry, for the first time legally underlying the importance of the civil democratic control. The draft re-defines issues such as, interrelation between military forces and armed forces, state defence system, subjects participating in defence of the state, their powers and duties as well as issues related to the use of defence forces of a foreign state. Currently, the draft law undergoes relevant review procedures in the Ministry in order to be sent to the Parliament for procedural hearings in future (Page: 5).

03. Is the country's national defence policy debated and publicly available?

Increasing transparency and accountability in the defence sector remains one of our highest priorities. To support this goal the MoD actively cooperates with civil society and is accountable to both government and the parliament of the country. The members of the Parliamentary Committee on Defence and Security and Trust Group are regularly informed about ministerial activities and plans.

The Ministry of Defence is actively cooperating with the civil sector. The MoD set up three thematic working groups composed of experts and representatives from various non-government organizations (transparency and human rights, and international operations, defense transformation and NATO working groups). MoD officials runs periodic meetings with group members to raise awareness of civil society about Ministry's activities and reforms. The membership of these working groups is open to all interested organizations (Page: 6).

04. Do defence and security institutions have a policy, or evidence, of openness towards civil society organizations (CSOs) when dealing with issues of corruption? If no, is there precedent for CSO involvement in general government anticorruption initiatives?

The MoD Leadership is very much focused on enhancing Building Integrity Capacity and strengthening of the Anticorruption Environment throughout the Defence. Strong foundation for the intensification of capacity building has been created and this process was significantly facilitated by joining the NATO BI Program.

Comprehensive peer review process conducted by the team of NATO experts, revealed particular areas for improvement and the report outlined practical recommendations that later were addressed in the MoD Building Integrity Action Plan. Significant steps were made to increase transparency in defence procurements and parliament oversight, public outreach was radically improved as well, what was recognized by the civil society as valuable change. Great deal of effort was directed towards the

formation of the BI team in MoD, as the first local team of BI Instructors was formed, which already conducted MoD BI and Corruption Risks Reduction courses for Defence Officials.

In order to enhance Building Integrity and Anti corruption policy at the Mod Building Integrity and Anticorruption Environment Monitoring Council was created. The council is chaired by the Deputy Defence Minister and co-chaired by the Deputy Chief of General staff. The Council works on the elaboration of an effective middle and long term anticorruption strategy and policy which will be shared with the civil society and the representatives of the relevant NGOs will participate in the process. Objectives of the council briefly are: Elaboration of the more comprehensive BI action plan 2016-2017 and monitoring of its implementation. We plan to introduce actions with more precise success indicators. The MoD BI action plan covers areas such as:

- Parliament Oversight
- Anticorruption System and Policy
- Human Resources Management
- Financial and material resources management
- State Procurements
- Public Outreach and accessibility of information
- Defence Anti-corruption commitments where formulated and submitted to the Anti-Corruption Council under the Ministry of Justice in order to be included in the National Anti-corruption Strategy, Action Plan and Annual reporting process. Defence was not part of that mechanism before 2014.

The MoD is focused on facilitation of the active participation in NATO BI Programme and capacity building, in terms of finding even more practical ways to effectively utilize benefits from the opportunities presented throughout the program and consolidate the efforts to contribute to its success not only covering our needs but facilitating the capacity building of other partner nations.

Facilitation of BI and Anticorruption training and educational programs development is also important. Currently, the MoD conducts BI trainings for MoD and GAF military and civil service personnel about 4 times per year. This year special focus was made on pre deployment trainings. The MoD considered the need of development for special regulation to generate sufficient data regarding the corruption risks troops face during deployments, in order to make trainings tailored to our specific requirements as much as it will be possible. Until the end of the year, the MoD also plans to conduct BI training for wider security sector.

During 2016 MoD plans to establish BI training unit within the Professional Development Centre. 4 permanent instructors will be selected, in order to increase the volume of the existing BI course from once in a quarter to at least once and desirably twice a month, as we also plan to invite officials from wider security sector. In this regard Training of Trainer opportunities offered by NATO and Partner Nation would be very valuable.

Mentioned unit will serve as the cornerstone for the mid-term plan to develop BI research and Education section in the Defence Institution Building School, establishment of which is initiated in frames of the NATO-Georgia Substantial Package. Building this capacity will help us to introduce tailored to local needs BI research projects, organize seminars and conferences contributing to the professional networking, experience sharing, deepening of the expertise in this field and constant increase of the BI community.

05. Has the country signed up to international anti-corruption instruments such as, but not exclusively or necessarily, UNCAC and the OECD Convention? (In your answer, please specify which.)

The MoD has been actively involved in development of “National Anti-corruption Strategy” and “Anti-corruption Action Plan (2015-2016)”. One of the key priorities of the document is prevention of corruption in the Defence Sector. The strategy and its Implementation Plan were approved by the interagency coordination council in February of 2015, headed by the Ministry of Justice of Georgia and was adopted by the Government of Georgia in April (Government Decree №170).

In the Mod Building Integrity course is established as the regular courses. The heads of the departments and deputy heads of the departments of the Civilian Office and General Staff participated in the BI Course and it is planned that all the employees of the Ministry of Defence will participate in BI courses as in the regular courses. Also, as already mentioned during the pre deployment period the training contains Building Integrity and Anti corruption issues.

06. Is there evidence of regular, active public debate on issues of defence? If yes, does the government participate in this debate?

Increasing civil control and ensuring the transparency of the defence system are two of key priorities of the MoD. In support of this objective, the MoD intensified its cooperation with the Parliamentary Committee on Defence and Security (CDS), civil society organizations, media, academic institutions, and the general public.

The MoD actively engages with the parliament to support the effective legislative oversight of its plans and activities. The MoD and the general staff leadership regularly testify at the committee hearings and inform parliamentarians. In November 2015, Defence Minister Tinatin Khidasheli reported about ongoing reforms at Defence Ministry of Georgia, initiatives and future plans before the Parliamentary Committee on Defence and Security within the governmental program “Strong, Democratic, Unified Georgia”.

In July 2015, Defence Minister Tinatin Khidasheli presented the comprehensive report on the MoD’s activities to the NGOs and media representatives at the IV Mechanized Brigade in Vaziani. Chief of GS and Deputy Ministers also attended the expanded meeting. Cooperation with the civil society also envisages holding round table discussions and regular thematic working group meetings with the aim to cooperate in the field of transparency, elaboration of conceptual documents, implementations of reforms and international commitments.

The MoD has further intensified cooperation with media through conducting regular press-conferences and continues to raise awareness of journalists and invites them to participate in training and seminars related to defence and security issues. Briefings for media are arranged on all topics that raise public interest including the topics about defence and security, NATO integration, reforms in the GAF, ongoing military exercises, new projects and initiatives, procurements, etc. Defence Minister is open and ready to cooperate with media about any issue of their interest.

At the initiative of Defence Minister, media tour was organized in the military units of the West Operative Command of GAF. Accompanied by the reporters, Tinatin Khidasheli viewed the infrastructure of the military bases, inspected the readiness of the military units, met with the families of the military servicemen, and held round-table discussions about important issues. Representatives of media prepared TV reports and articles about their experience and impressions on the Georgian Army.

Defence Minister Tinatin Khidasheli frequently appears on TV, talk shows and on debate programs which stimulate public interest in defence matters. Defence Minister is also actively engaged with the foreign media. During the visits abroad she meets the representatives of media and her interviews are broadcast on popular TV channels and published in famous foreign printed media outlets, e.g. BBC Hard Talk, Al Jazeera TV, Bloomberg, Radio Liberty and Foreign Policy, The Wall Street Journal, The Sunday Times, Deutsche Welle, Berlin Insiders, Kurier, Tages Woche, Wiener Zeitung, etc.

In November 2013, the MoD established the Citizens Reception Office to provide civil society, veterans, family members of active and former military personnel, and other interested parties with easy access to the MoD. The Citizens' Reception Office offers advice, assists citizens with drafting letters or issue complaints to the MoD, provides recommendations on resolving problems, and helps arrange a timely response to inquiries or arrange meetings with MoD representatives. During weekdays, one of the deputy ministers spends at least one hour at the Citizens Reception Office to personally meet with citizens and to respond to their questions and concerns.

With the aim to be more proactive in releasing relevant public information about its decisions and activities, MoD official web-site offers its visitors a special space, where public information - general info, employment, procurement, financing, legal acts and other requested information is published. Proactive disclosure of public information greatly simplifies the process of accessing information for the general public.

The Public Affairs Department was reorganized and was established Media Relations Division and at the same time new Strategic Communication Department was established. The MoD Leadership strongly believes the need of effective public communication, openness and discussions with people to achieve integrity, security, and progress. Armed Forces is public institution and it cannot be independent from society. To enhance public relations and to create cohesive communication strategy of the system of Defence Ministry of Georgia the Strategic Communication Department was established.

The main goal of the StratCom is to inform Georgian and international society about recent development in the Georgian Armed Forces and its readiness to contribute in peacekeeping missions armed with solid understanding of the National values and regional challenges as well as study public opinion on defence and security issues related to the MoD activities.

The StratCom refers to policy-making and assistance for consistent information activity within the MoD. This department is defined as focused the Defence Ministry's efforts to understand and engage audience to create, strengthen and protect conditions favorable for the advancement of the Georgian Armed Forces and entire MoD system policies, interests and objectives through the use of coordination programs, messages and events synchronized with the actions of all instruments of national defence.

The StratCom manages the efficient planning and realization of information flow, communication, media development and image care in a long-term prospect. The department brings into balance main factors as international communications, internal audience and its monitoring, and strategic communication policy and planning.

The Strategic Communication Department provides a conceptual umbrella that enables the MoD to integrate its distinct messaging effort. The department creates and distributes transparent access on the GAF mission, mandate and capability. The Department has elaborated the public relations Strategy which according to the national anti corruption action plan should be signed 2016. The public relations strategy is pending for approval. Minister Khidasheli is dedicated to open and transparent cooperation with mass-media. She has conducted one week joint visit in the military bases with media representatives. The visit enabled the journalists to get familiar with the real situations and problems of armed forces. Minister

Khidasheli has initiated instant response briefings and press-conferences on the issues interesting for public.

In November, 2015 Strategic Communication Department has issued bilingual newsletter, which was distributed among international organizations, non-governmental organizations, and diplomatic bodies. The newsletter is also available for MoD and Armed Forces personnel. The department plans to set up Information Board and exhibit all kinds of information, fliers and newsletters. MoD enhances its activities in social media. MoD has its Facebook and Twitter pages available on Georgian and English. All news are translated and posted in social media.

Strategic Communication Department also plans to implement MoD Activities and Information Management Project. The project will enable the department better and timely plan and implement information activities and public relations. PR Division will insure risks and gaps during ad-hoc broadcasts.

07. Does the country have an openly stated and actively implemented anti-corruption policy for the defence sector?

Fighting corruption is one of the top priorities for the government of Georgia. To this end Government elaborated the “National Anti-corruption Strategy” to fight corruption in all public domains including the Defence Sector. All the Ministries participate into the national action plan and all the Ministries have the obligations, including the Mod. The Ministry of Defence is committed and actively engaged into implementation of provisions outlined in the Anti-corruption Action Plan for 2015-2016. Furthermore, for general information it shall be noted that for the first time specific chapter is dedicated to the MoD in the National Anti-corruption Action Plan, where many major activities are planned for upcoming years, such as: development of internal tool for corruption risk assessment, development of program budgeting, this process will be fully functional from 2016 year, elaboration of standardization and codification system. These and many other planned activities manifest the MoD’s commitment to further reduce corruption risks in the defence sector.

08. Are there independent, well-resourced, and effective institutions within defence and security tasked with building integrity and countering corruption?

The clear separation of functions between inner control structures within the MoD has been already conducted (Inner Audit Department, Military Police, Inspector General Office and Combat Readiness Monitoring Division of the General Staff). The regulations are already approved and there are no overlaps between functions. Currently an active work is underway on the elaboration of the amendments of the law on military police to ensure its adherence to international standards. To this end relevant meetings and seminars are being held together with international partners and experts (Page 14).

An Internal Audit Department (IAD) was established in early 2014. Through open contest IAD was recruited with 6 members who are sufficiently qualified and are performing audits. However, according to international standards continuous professional development is crucial for the effective internal audit and IAD MoD members were able to participate in different trainings and seminars during 2015.

Effective and transparent procedures have been developed and established in IAD according to methodology issued by the Central Harmonization Unit (CHU, Ministry of Finance). CHU is responsible for the implementation of reform of internal audit in the public sector and harmonizing the procedures, principles and approaches while implementing Internal Audit function in ministries and local government.

The MoD has been transparent about the formation and recruiting the department. Charter of IAD is completely based on the Law of Georgia on Public Internal Financial Control, which regulates the operation of the department, its function and objectives. According to the law and international standards Internal audit in MoD Georgia should provide independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

IAD MoD has conducted several audits in 2015 and issued recommendations, which are in the process of implementation. The process is transparent and includes active communication with auditee and management.

According to the law requirement internal audit annually (before 31th of January next year) reports to the Minister of Defence and CHU, Ministry of Finance. The annual report of 2014 was sent to the Ministry of Finance in January of 2015.

As long as internal audit is a new function in ministry many presentations were conducted in different units of MoD including Armed Forces in order to increase awareness about internal audit and establish effective communication with middle and high level managers. Permanently BI Trainings are conducted in MoD and internal audit delivers presentation about the importance of strong internal control and role of IA as part of internal control system.

09. Does the public trust the institutions of defence and security to tackle the issue of bribery and corruption in their establishments?

The Minister of Defence of Georgia Tinatin Khidasheli is very much focused on enhancing and institutionalizing the Building Integrity and Anticorruption Policy and mechanisms. The MoD is focused to institutionalize transparent defence management system based on good governance, accountability principles and the rule of law and constant improvement of the ethical environment.

The current MoD leadership fully realizes that Georgia's strong will to integrate in North Atlantic Structures and its proactive steps taken in this direction, having transparency, high level of integrity and accountability within defence and security systems of NATO's current and future member states is tremendously important. Institutional Enhancement of the anticorruption environment, necessary for minimizing corruption risks to the extent when its results become irreversible and independent from political agenda or the individual leadership style, is among the top priorities for the Minister of Defence of Georgia. That's why the Minister is focused on the efficient functioning of Building Integrity and Anticorruption Environment Monitoring Council which works on the elaboration of the effective anticorruption policy, formulation of the rational action plan, monitoring of the effectiveness of the planned events, initiating new activities on BI education and learning programs and facilitating proactive and productive involvement in NATO BI Program.

Applying the new approaches and methodologies and focusing on the measurable results, National Anti-Corruption Council is leading the Building Integrity System. This serves as an added value to the stability of the reforms taking place in Defence, thus harmonizing national and institutional responsibilities and increasing their level of accountability. For further succeeding in our efforts, engagement of the civil sector is of utmost importance. Therefore we continuously strive to deepen the cooperation with the local and international nongovernmental organizations. This will enable us to provide society with the transparency and objective information about the achievements as well as current and future endeavors in this direction, which will, on its end sufficiently increase people's trust towards the defence system in Georgia. The Minister of Defence focuses on the Council's effectiveness, BI Trainings, BI module

enhancement in the educational institutions of the MoD and on active cooperation with the NGO sector on anti corruption issues and BI issues.

It should be mentioned that the Parliamentary "Group of Trust" (which consists of all opposition members as well) has been notified by the Ministry of Defence on the details of the purchase of an air defence package from France accordingly and at all stages, namely by the former Ministers of Defence Mr. Irakli Alasania and Mr. Mindia Janelidze. The newly appointed Minister Khidasheli continued to adhere to this practice. The Minister met the members of the "Group of Trust" to inform them about contract details and to answer all possible questions in accordance to existing legislation. Minister Khidasheli also met and informed about the contract details the President of Georgia Mr. Giorgi Margvelashvili - Commander in Chief of the Georgian Armed Forces.

Regarding the issue of disclosure of contract details to the public it should be mentioned that details of the contract fall under two levels of secrecy. The first level of secret is a national level, as is defined in Georgian legislation; while the second level falls under the terms of commercial secret which is a mandatory for both parties that signed the contract.

To sum up the Ministry of Defence actively cooperates with the Parliament of Georgia and civil society and firmly adheres to the principles of transparency and accountability. It's also worth mentioning that there is no legal act or ministerial regulation that grants Ministry of Defence of Georgia an authority to override or bypass transparency and oversight procedures in order to keep procurement secret even from even the Parliamentary "Group of Trust". The Ministry of Defence always acts in accordance to the legislation legal acts that regulate state secrecy issues (Page 16).

10. Are there regular assessments by the defence ministry or another government agency of the areas of greatest corruption risk for ministry and armed forces personnel, and do they put in place measures for mitigating such risks?

Issues and questions related to the risk assessment management are already being discussed in the format of newly established Building Integrity and Anti-corruption Environment Monitoring Council (Board), headed by the Deputy Minister of Defence (Mr. Besik Loladze), which assembles regularly. Also, it should be mentioned that the risk Assessment management seminars/lectures were already held in the ministry of defence. It's planned that personnel from all the departments will participate in these lectures (Page 18).

1.2. Defence Budgets

11. Does the country have a process for acquisition planning that involves clear oversight, and is it publicly available?

During the previous years, Defence Resource Management system (DRMS) has been gradually developed. Transparency of the defence budget expenditures were significantly improved. In order to make the most efficient use of the limited resources the MoD continues to further implement defence resource management system.

Since 2013, MoD of Georgia is developing fully program-based budget that includes concrete plans and activities for the following budget and plus 3 years. Programs, sub-programs and program elements were elaborated in accordance with the following existing procedures:

1. The MoD is annually actively involved in the Basic Data and Direction (BDD) document elaboration process. BDD is state level document which consists of 5 annexes (annex 1 - execution analysis of the previous 2 years, annex 2 - current year action plan, annex 3 - mid-term action plan, annex 4 - program mid-term budget, annex 5 - personnel and financial ceilings for mid-term plans). It covers all governmental bodies. Each annex should be submitted to Ministry of Finance according specific timelines, which is approved annually by the decree of the government.
2. Based on BDD document, MoD annually reviews and updates Defence Programs Guidance document, before 2015 known as Defence Planning Guidance. Defence Programs Guidance (DPG) defines program structure for the following and next 3 years and sets clear directions for the structural units involved in the defence resource management process. It also provides information about estimated financial ceilings for each program.
3. In 2015, considerable progress was achieved in terms of DRMS development process. First time, program coordinators for each program were officially assigned by the minister's order that aimed improvement of the planning and execution process of program-based budget.
4. Furthermore, 2016 defence budget was submitted to the Ministry of Finance according programs which were developed in close cooperation of the relevant structural units of the MoD and General Staff.
5. Based on defence program guidance, since 2013, MoD annually reviews and updates Defence Integrated Program (DIP) document, which is the unity of defence programs. The document consists of the funded and unfunded programs, sub-programs and program elements. Funded activities are the basis for the following year budget project. The list of the unfunded items with the associated risks is also submitted to the government.

The employees of the State Procurement Department participated in the relevant courses and trainings. The department is focused very much on the Professional Development issues. According to the open competitions the MoD selected qualified personnel in the Procurement Department (Page 19).

Currently, in 2015, decision making body (Working Groups+MT+DMB) is fully operational. All the conceptual documents and important issues are being processed via these bodies in order to issue final, rational decisions (Page 20).

It should be mentioned that the Parliamentary "Group of Trust" (which consists of all opposition members as well) has been notified by the Ministry of Defence on the details of the purchase of an air defence package from France accordingly and at all stages, namely by the former Ministers of Defence Mr. Irakli Alasania and Mr. Mindia Janelidze. The newly appointed Minister Khidasheli continued to adhere to this practice. The Minister met the members of the "Group of Trust" to inform them about contract details and to answer all possible questions in accordance to existing legislation. Minister Khidasheli also met and informed about the contract details the President of Georgia Mr. Giorgi Margvelashvili - Commander in Chief of the Georgian Armed Forces.

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there is no legal act or ministerial regulation that grants Ministry of Defence of Georgia an authority to override or bypass transparency and oversight procedures in order to keep procurement secret even from even the Parliamentary "Group of Trust". The Ministry of Defence always acts in accordance to the legislation legal acts that regulate state secrecy issues.

(Janelidze meets members of the Group of Trust source: <http://www.interpressnews.ge/ge/samxedrotema/325108-mindia-janelidze-ndobis-jgufis-shekhvedraze-haersatsinaaghmdego-thavdacvis-sashualebebthan-dakavshirebuli-sakithkhebi-iyogankhiluli.html?ar=A>).

12. Is the defence budget transparent, showing key items of expenditure? This would include comprehensive information on military R&D, training, construction, personnel expenditures, acquisitions, disposal of assets, and maintenance.

85 % of the Information on State Procurement information is public. Other expenses are secret according to the Law on State Secret and Ministry of Defence has no right to make this information public.

12A. Is there a legislative committee (or other appropriate body) responsible for defence budget scrutiny and analysis in an effective way, and is this body provided with detailed, extensive, and timely information on the defence budget?

Defence Budget regularly is considered and discussed at the Defence and Security Committee in the Parliament. The Ministry of Finance also participates in the discussions on the defence budgets.

12B. Is the approved defence budget made publicly available? In practice, can citizens, civil society, and the media obtain detailed information on the defence budget?

The whole state budget is open for public, only the items which according the state law on secret should be secret are not open. Accordingly, the Defence Budget is available on the web-site and is open. Only, the items in the defence budget, which according the state law on secret should be secret are not open.

15. Is there effective and transparent external auditing of military defence expenditure?

The process of audit is still undergoing by State Audit Office, another extension is in place and State Audit Office has to cover 2014-2015 years as well. The MoD already received official assessment on planning issues of 2011-2012-2013 years, and some information from that assessment is reflected in the report of General Auditor to the parliament. The MoD already received draft assessment of 2011-2012-2013 years on defence spending. Simultaneously, the MoD follows current recommendations of State Audit Office and is implementing some actions to eliminate malpractices. For example, The MoD continues to work on Electronic Accounting Software Program. Salary Electronic module has been finalized and has been implementing in the military units, the program will be fully functional by the end of 2015. In order to elaborate accounting and reporting policy of the MoD, working group with representative of IT Department, Financial Management Department and Armed Forces Logistical Support Department was created in 2015. In the same period, was created Commission on Inventory of Accounts Payables and Receivables. By the end of 2016, this policy will be finalized and all necessary modules identified (pay and allowances, travel costs, goods and services, assets; major equipment, etc).

Another important action was the correction of established procurement practice for urgent needs (discretionary money for military units), now agreements made by units can be observed on State

Procurement Agency's Website. Also, the method of financing Attaché offices was changed and new system in line with UN rules and regulations was established.

1.4. Organised Crime

18. Is there policing to investigate corruption and organized crime within the defence services and is there evidence of the effectiveness of this policing?

Georgian Armed Forces General Staff Military Police Department, within its competency, is a contributor and performs its activities in accordance with provisions of NATO Building Integrity process, National Action Plan for the Implementation of the EU Association Agreement and The Anti-Corruption Strategy Implementation Action Plan 2015-2016.

Transformation of the Military Police Department caused radical changes in directions of activities. Protection of Human Rights, Law and Order became as fundamental principles.

Transformation process based on recommendation and implementation plan of the Substantial Package; considers the experience of Germany, Poland, Lithuania, Czech Republic, USA and Turkey. Ongoing developments are based on the commitments undertaken by the PARP process. Reorganization of the MP Department is also defined in the 55th article of 2014 National Action Plan of the Georgia-EU Association Agreement.

Transition to the new structure will continue to evolve based on further allied advisory assistance in the SNGP framework.

Structural improvement, Creation of educational system and professional development, Enhance confidence and authority within Georgian Armed Forces, Reorganization of operational-research units to improve effectiveness, Elaboration and establishment of new forms of preventive measures are key development objectives. Regarding of elaboration of MP doctrine and guideline docs an appropriate working group had been created.

Completion of MP Dept. based on objective selection criteria without the opportunity for intervention by third parties. Selected candidates are subjected to prior investigation of their suitability to the position.

In 2014, the Military Police dealt with 24 corruption cases and in 2015, with 11 cases. Coordination and information exchange regarding fighting corruption and organised crime has been enhanced. By mid-2015, clear distribution between the functions of the MoD Internal Audit Department, General Inspection, Joint Staff's Military Police and Military Readiness Monitoring Division was established. Moreover, through revising of the cooperation framework between MoD internal control units, in 2015 was established Board of Cooperation (since June 2015, Board already held 6 working meetings). Alongside with coordination of activities performed by above mentioned units, aim of the Board is to follow-up demarcation between their functions.

General Inspection - In order to fight corruption and organized crime more effectively, general inspection was re-organised in February 2015. Analytical, investigative and operational units were created. Open as well as covert measures, personal identification and other measures of investigation raised the effectiveness of General Inspection.

In order to avoid elements of corruption general inspection monitors the whole process of procurement on permanent bases. In 2015 there were no criminal cases discovered.

Besides above mentioned general inspection is involved in the implementation process of “Building Integrity action plan 2014-2015”, in addition IG is also involved in anti-corruption committee. In order to coordinate and monitor the process of implementation of anti-corruption measures, the Ministry elaborated the format of cooperation of supervising units.

1.6. Export Controls

21. Does the government have a well-scrutinised process for arms export decisions that aligns with international protocols, particularly the Arms Trade Treaty (ATT)?

Georgia has signed Arms Trade Treaty in September 25th 2014. The President of Georgia has submitted the document to the Parliament of Georgia for ratification. At the moment Committee hearings are conducted. Legal Committee finished the hearing and process will be held in other three committees, such as Foreign, Euro-Atlantic Integration and Defence and Security committees. Upon accomplishment of hearings the draft law will be discussed at the plenary session of the Parliament. Ratification should be done at the end of this year as it is defined by The National Action Plan for the implementation of EU-Georgia Association Agreement approved by the Decree #59 of the Government Of Georgia (26.01.2015).

Georgian Export Control Policy is based on the principle of fulfillment of international obligations taken by the Georgia in the scope of UN Resolutions and other appropriate Non-proliferation and Security Regimes, through which Georgia should contribute to the international stability and security.

Various significant events have been conducted in regard with provisions defined by the ATT for all member states. In particular, in the frame of EU Outreach in Export Control Program and US State Department Export Control and Border Security (EXBS) Program in close cooperation with European and US experts has been elaborated new national legislation, which regulates control of military and dual use items such as:

1. Georgian Law on the “Control of Military and Dual Use Products” (16.12.2013);
2. Georgian Governmental Decree #372 on the “Definitions of Control Measures of Military and Dual use Products” (09.06.2014);
3. Georgian Governmental Decree #394 on the “Approval of Lists of Military and Dual Use Items” (13.06.2014);
4. Order of the Minister of Defence of Georgia #65 on the “Approval of the regulations of the Standing Commission of Military Technical Issues of the Ministry of Defence of Georgia” (29.08.2014).

New provisions stipulated by the new Georgian export control legislation in line with European principles:

1. Control lists of military and dual use products approved by the Georgian Governmental Decree #394 is identical to the EU Control List only with little exceptions.
2. Besides Export, Import and Transit Regimes two new Control regimes were identified such as Brokering and Technical Assistance.

3. Three new approaches are in place with regard to Export In compliance with European standards, According to which the subject for control became as follows:
 - a) Transmission of software or/and technology by any electrical means outside the customs territory of Georgia - „Intangible Items“ ;
 - b) Transshipment of Software and/or technology via telephone or orally inside the customs territory of Georgia to non-resident;
 - c) Catch all Clause – export of non-listed dual use items when there is possibility that they can be used in non-peaceful applications.
4. In licensing process export assessment and decision making is conducted in compliance with EU approach on the risk assessment bases and taking into consideration eight main criteria of Council Common Position 2008/944/CFSP. ATT also stipulates these criteria, which have also been already defined in new Georgian legislation. Likewise EU Interagency cooperation plays significant role in the Georgian national export control system.

It should be mentioned that all these measures have made the ground for the fulfillment of ATT provisions after its ratification.

Georgian Export Control Web-site was also launched, which makes acceptable and transparent all the useful information on strategic trade control.

In last two years four industry outreach seminars were held in Georgia in which participated representatives of Georgian Government, local business and NGOs.

Cooperation with EU and US in the field of export control implementation is proceeding, which also includes activities in the frame of ATT Outreach Project.

“Having adopted a new export control legislation for military and dual use items, Georgia has a legal basis which fully corresponds to EU regulations and EU control lists” (source: <https://export-control.jrc.ec.europa.eu/News/ArtMID/481/ArticleID/258/Initial-Visit-to-Georgia>).

2.1. Asset Disposals

23. Is independent and transparent scrutiny of asset disposals conducted by defence establishments, and are the reports of such scrutiny publicly available?

From 2016, the MoD will have Electronic Program of Inventory and overall inventory process will start soon after. Entire inventory database of the MoD will provide full available information on each item; characteristics, whereabouts, automatically will control life cycle. Hence a decision of disposal or transfer to the Ministry of Finance, Ministry of Economic and Sustainable Development or to other governmental institution will be much easier and transparent. On national level there are also some preparations for creating Entire Inventory Electronic Databases and in the nearest future one institution will be designated and responsible for state assets disposal, except internal decisions in organization, which of course will remain up to the organization.

2.3. Military-owned Businesses

29. In law, are there provisions regulating mechanisms for classifying information on the grounds of protecting national security, and, if so, are they subject to effective scrutiny?

The Law prescribes duration of classification of information containing state secret, as well as procedures and basis for declassification of such information. The relevant commission has been established in the Ministry of Defence of Georgia working on issues related to declassification of information containing state secret generated in the Ministry (Page 46).

30. Do national defence and security institutions have beneficial ownership of commercial businesses? If so, how transparent are details of the operations and finances of such businesses?

Ownership of commercial businesses is not forbidden by Georgian legislation, Delta is not an exception. LEPLs implementing some of the MoD functions and is to spend as follows in 2016: LEPL Delta 33.5 M, LEPL Cyber security 1.8 M, LEPL Military academy of Gori 15.9 M, Cadet Lycée 3.2 M and the Army Sports Club 0.07 M GEL. In 2015, their own profit in total is more than 10 M and the MoD controls the allocation of these funds as well as the budget funds. In 2015, Delta's expenses are charged to the Ministry of Defence as it is managing the organization again.

The MoD also owns LTD "Georgian Catering Company", in this case the reason is the MoD couldn't organize outsourcing of the catering services for the Armed forces, due to some strict requirements for possible companies.

3.1. Leadership Behaviour

35. Are there effective measures in place for personnel found to have taken part in forms of bribery and corruption, and is there public evidence that these measures are being carried out?

During the revision process individuals suspected in corruption and/or their actions include criminal elements are object for further criminal investigation.

36. Is whistleblowing encouraged by the government, and are whistle-blowers in military and defence ministries afforded adequate protection from reprisal for reporting evidence of corruption, in both law and practice?

The General Inspection and Military police of Ministry of Defense use covert measures and "secret agents" in their work. The process is executed in accordance with Georgian constitution and general legislation. The work of covert agents is totally secret and is based on the principles of conspiracy, which is diverted only against criminal elements. In addition, GI analytical division has "hot line" and special boxes. The anonymity is guaranteed. Received information is used effectively to create preventive measures.

37. Is special attention paid to the selection, time in post, and oversight of personnel in sensitive positions, including officials and personnel in defense procurement, contracting, financial management and commercial management?

In the comments for this question there is written that there is no security clearance requirements for sensitive positions and the selection and oversight procedures are not clear – which is not entirely true. First of all in the MoD there is transparent selection board established based on Georgian legislation and chaired by the deputy minister, above mentioned board, through open competition, selected 83 candidates in 2014 and 33 in 2015. In addition, before assignment each candidate is checked for clearance by the military police and after assignment (before granting national security clearance) by the intelligence services.

3.2. Payroll, Promotions, Appointments, Rewards

40. Do Personnel receive the correct pay on time, and is the system of payment well-established, routine and published?

Pay by Rank System is fully established and successfully operated.

3.4. Salary Chain

45. Is there evidence of “Ghost Soldiers”, or non-existent soldiers on the payroll?

Although the comment of above question states that there are no evidences of “ghost soldiers” it does not excludes the possibility of this risk. It should be strongly underlined that all personnel in the whole system of Ministry of Defense (including Ministry itself, Joint Staff, different LEPLs and military base) have electronic ID-card, the movement is monitored by the Inspection General and even the possibility of existence of “Ghost Soldiers” is close to zero.

3.5. Values and Standards

47. Is there a Code of Conduct for all military and civilian personnel that includes, but is not limited to guidance with respect to bribery, gifts and hospitality, conflicts of interest and post-separation activities?

Ministry of Defence elaborated document on values of the Defence sector. This document is spread for the Civilian office, Armed Forces and legal Entities of Public law.

The comment of this question states: “strictly speaking, at this moment there is no code of ethics for MoD civilian personnel” - above mentioned statement does not really accurately expresses the reality. There is, and always has been an internal regulation for MoD civilian office, which among other rules, also regulates the topic/risks of corruption, (the document is available to everyone) plus Human Resource management and professional development department warns newcomers about this risks and they confirm above mentioned by their signature, in addition there are general laws and regulations (Law on status of public servants & Law on corruption and conflict of interest) where there are precisely described what is allowed and what is restricted for public servants and those norms are mandatory for the personnel of MoD, like any other public servants.

48. Is there evidence that breaches of the code of conduct are effectively addressed, and are the results of prosecution made publicly available?

The comment of this question says that, effective measure are there in order to prevent and prosecute each case of the breach of code of conduct (by the Inspection General & Military Police) however, “there is no policy to make outcomes of prosecutions publicly available” – Georgian legislation does not know such policy to make outcomes of every prosecution and investigation publicly available, however, in each and every case of prosecution all concerned sides are strongly involved in the process, and they are always informed about the results, besides every concerned/interested person can apply and receive the information regarding the outcomes of certain prosecution.

Furthermore for general information it shall be noted that for the first time specific chapter is dedicated to the MoD in the National Anti-corruption Action Plan, where many major activities are planned for upcoming years, such as: development of internal tool for corruption risk assessment, development of program budgeting, this process will be fully functional from 2016 year, elaboration of standardization and codification system. These and many other planned activities manifest the MoD’s commitment to further reduce corruption risks in the defence sector.

A major effort is ongoing within the General Staff to develop and implement a comprehensive set of policies, procedures, and instructions to establish fully functional military personnel management system. Putting this system in practice supports transformation of the Georgian Armed Forces (GAF) to a more effective professional force that will respond adequately on current demands as well as future requirements. Military Personnel Management System (MPMS) reform is being implemented and following achievements have been accomplished:

- Military Personnel Management System Transition Strategy has been elaborated and approved by Ministerial order N 618 of 17th May. This document describes all appropriate ways and means to reform existing Military Personnel Management System. The final goal of the reform is to create fair, objective and transparent process of military personnel management, considering the experience of NATO and partner countries.
- Pay-by-Rank Compensation System was considered as a milestone to establish fair and objective centralized personnel management processes. Numbers of activities have been accomplished in order to put the system in place. Finally, from September 2014 all military personnel of the MoD has been transferred from pay-by-position pay to pay-by rank system.
- Work is ongoing to refine Military Personnel Promotion System, New system anticipates to promote military personnel based on their professionalism and potential through clearly defined procedures, involving selection boards in the centralized promotion process. Refined Concept has been approved in October 2014. Draft regulation is developed and after appropriate discussions, approval is planned in 2016.
- Rank and Position Qualification Requirements for Officers and NCO’s have been refined and approved as well as Job Descriptions for all military positions of the GAF.
- Annual Evaluation of Military Personnel of the GAF (1 March – 31 May 2015) has been accomplished and received data have been entered into an electronic database. In order to optimize and improve existing Evaluation System, draft amendments to the regulation and refined evaluation forms have been developed and passed to the Human Resource working group for further discussions before approval.

- Annual Retention Program for the period from June 2015 - till June 2016, has been accomplished. Appropriate Interviews in the frames of existing program have been conducted, hence, statistical analyze and report was prepared and submitted to the CHOD.
- Selection Board of all levels (senior officers, junior officers, NCOs and special selection board) are being conducted. For further improvement it is planned to optimize existing system. Selection Boards represents a consultative body, which under the authority given to them, discusses and makes decision on personal management issues in the frames of military personnel management system. Objectives of the Board: Candidates selection for the assignment on command/staff positions, selection for the schooling and qualification improvement in the educational institution, selection for rank and positional promotion, selection for other special purposes, and also to make decision on appeals of the evaluation results.
- In order to optimize MOS (Military Occupational Specialty) System, in 2014, military occupational specialty codes and special qualification codes have been modified and updated.
- Draft Centralized Distribution and Assignment Concept was elaborated and currently is submitted to the Human Recourse Management Group for further discussion before approval. Draft regulation of the Centralized Distribution and Assignment System is under elaboration process.
- Current Recruitment Program fully satisfies existing demands of the GAF, but In order to improve the program and to be more oriented on a quality of recruited personnel, new policy and procedures for the recruitment have been developed and is submitted to the Human Resource Working Group for further discussion before approval.
- As for the Transfer to fully professional Armed Forces, conscripts within the combat units were substituted with contract-professionals by the 100%. Small number of conscripts (less than 10% of GAF) are retained in logistical and guarding (Base protection) units. In 2016 call up of conscripts in GAF is not planned and now discussions on a governmental level is ongoing to eliminate compulsory service
- Significant steps have been taken for the purpose to develop new Compensation (Pension) System for Retired Military Personnel. Special Working group have been established within the MoD in order to refine and improve current Pension System for Retired Military Personnel. Specific suggestions and alternatives as well as financial calculations have been developed and also appropriate changes and amendments to the existing law have been prepared. The system considers following aspects: Compensation due to the expiration of the length of service, lump sum retirement career bonus (also a Accomplish annual Evaluation of Military Personnel of the GAF; Accomplish Retention Program of the Military Personnel of the GAF; Adopt New Compensation (Pension) System for Retired Military Personnel; Optimize existing Evaluation System and Selection Board Processes; Approve Military Personnel Promotion Regulation; Develop/approve Centralized Distribution and Assignment Regulation; Approve Recruitment Concept; Approve Vision Document on resettlement (Reintegration) Program.

5.1. Government Policy

59. Are defence procurement oversight mechanisms in place and are these oversight mechanisms active and transparent?

The score should be at least 3, because the procurement process is controlled in many ways, as inside the Ministry of Defence (General Inspection, Internal Audit Department), as well as by the State Procurement Agency. Also, any interested person can contest the decision of the tendering commission by means of simple procedures. Additionally to the controlling mechanisms listed above, the Ministry of Defence has to be accountable to the parliament, in case of the procurement with high monetary value.

61. What procedures and standards are companies required to have - such as compliance programmes and business conduct programmes - in order to be able to bid for work for the Ministry of Defence or armed forces?

Any company, which participates in the tender, has to confirm in writing, that they are not in negotiations or collusion with each other or any third party, otherwise there is direct liability in accordance with the Criminal Code. This document is confirmed with the signature and it is called – Affidavit. This is approved method in our procurement system.

5.2. Capability Gap and Requirements Definition

62. Are procurement requirements derived from an open, well-audited national defence and security strategy?

We would like to add that Defence Planning procedures are being improved each year. The Annual Procurement Plan for 2016 is expected to be in more detail, as it will comprise from 8 detailed programs.

5.3. Tender Solicitation, Assessment and Contract Award

65. Are tender boards subject to regulations and codes of conduct and are their decisions subject to independent audit to ensure due process and fairness?

In our opinion the score should be 3 or 4, as the decision of the Tendering Commission can be contested by any party by means of simple procedures. These complaints are reviewed by dispute resolution board. Also, the work of the Tendering Commission is overseen by the internal controlling authorities of the MoD (General Inspection) and independent office of State Audit. Their reviews and conclusions are transparent and accessible.

66. Does the country have legislation in place to discourage and punish collusion between bidders for defence and security contracts?

This is the issue of the legislation and it's beyond the competence of the Ministry of Defence of Georgia.

5.4. Contract Delivery and In-Service Support

67. Are procurement staff, in particular project and contract managers, specifically trained and empowered to ensure that defence contractors meet their obligations on reporting and delivery?

We would like to comment on this issue by stating that members of the Tendering Commission and specialists are being regularly trained for their professional development, while on those trainings they always get high evaluation. Maybe this comment concerns the early period in 2013, although since then there have been reorganizations, competitions and this issue has been evidently improved.

69. What sanctions are used to punish the corrupt activities of a supplier?

This is the issue of the legislation and its beyond the competence of the Ministry of Defence of Georgia.

5.5. Offset Contracts

70. When negotiating offset contracts, does the government specifically address corruption risk by imposing due diligence requirements on contractors? Does the government follow up on offset contract performance and perform audits to check performance and integrity? perform audits to check performance and integrity?

We don't have any offset programs, the procuring organizations are not concluding any agreements of this kind, so the score should be N/A instead of 0 (there are 3 questions concerning the offset agreement and they are all evaluated by 0, which may negatively influence the overall evaluation of this document).

71. Does the government make public the details of offset programmes, contracts, and performance?

We don't have any offset programs, the procuring organizations are not concluding any agreements of this kind, so the score should be N/A instead of 0 (there are 3 questions concerning the offset agreement and they are all evaluated by 0, which may negatively influence the overall evaluation of this document).

72. Are offset contracts subject to the same level of competition regulation as the main contract?

We don't have any offset programs, the procuring organizations are not concluding any agreements of this kind, so the score should be N/A instead of 0 (there are 3 questions concerning the offset agreement and they are all evaluated by 0, which may negatively influence the overall evaluation of this document).

5.6. Agents / Brokers

73. How strongly does the government control the company's use of agents and intermediaries in the procurement cycle?

This is the issue of the legislation and its beyond the competence of the Ministry of Defence of Georgia.

5.7. Financing Package

74. Are the principal aspects of the financing package surrounding major arms deals, (such as payment timelines, interest rates, commercial loans or export credit agreements) made publicly available prior to the signing of contracts?

Financial packages are not formalized, and used on case by case basis. The State Law on Secrecy regulates the above mentioned issue, so it is beyond the competence of the MoD of Georgia.

5.8. Sub-contractors

75. Does the government formally require that the main contractor ensures subsidiaries and sub-contractors adopt anti-corruption programmes, and is there evidence that this is enforced?

This is the issue of the State Legislation and is beyond the competence of the MoD of Georgia. Mod can only work on the development of the internal regulation.