



საერთაშორისო გამჭვირვალობა – საქართველო  
TRANSPARENCY INTERNATIONAL GEORGIA

# **How Civil Society Organizations Use Asset Declarations for Monitoring and How to Facilitate Their Work**

Transparency International Georgia

# Why Asset Declarations Matter to Us

- Access to information concerning the assets of public officials is an important part of ensuring transparency and accountability in government, which is the primary goal of TI Georgia's work
- Corruption risks most frequently arise when the public and the private sectors interact, making it necessary to continuously monitor business connections of public officials

# Why Monitor Asset Declarations?

- Public Officials sometimes fail to disclose their assets and/or business connections
- From TI Georgia's recent experience:
  - An MP failed to report owning a 50-percent share in a company (which received millions of lari in government contracts)
  - A deputy minister failed to report holding a senior position in a private company operating in the sector supervised by the ministry

# Georgia's Asset Disclosure System

- Asset declarations provide a good degree of transparency of public officials' business connections
- Asset Declarations can be easily accessed by any interested individual online

# Gaps in the System

- Local council members are required to abstain from vote when their business interests are at stake
- It is difficult to monitor compliance since the majority of local council members are not required to file asset declarations

# Gaps in the System

- **Municipal Services:** Senior officials are in charge of spending large amounts of public money but their assets and business connections remain undisclosed
- **Government-Established Funds:** These are used to spend large amounts of public money on major projects but their senior officers are not required to disclose assets
- **State-Owned Enterprises**

# Gaps in the System: Beneficial Ownership

- Some officials use complex indirect ownership schemes to avoid disclosing their ownership of assets
- Some former officials whose last asset declarations did not show any significant assets turn into wealthy businessmen within months of leaving the office
- Some former officials acquire companies at a token price immediately after leaving public service, raising suspicions that they were the real owners all along

# How We Use Asset Declarations

Monitoring possible conflicts of interest or misuse of office or political influence in the interaction of public and private sectors through:

- Public procurement
- Privatization
- Licensing



# How We Use Asset Declarations

- Whenever suspicions arise regarding a company's obtaining a large government contract or acquisition of major piece of public property or a license, the first thing to do is to look for possible links between the company in question and public officials
- Based on CSB's asset declarations database, TI Georgia has created its own database of companies with ties to the government
- Checking the results of tenders and auctions against this database makes it possible to identify potentially problematic cases
- The gaps in the system described earlier make this type of monitoring more difficult and, in some case, impossible

# How to Make Monitoring More Effective

Implement changes to facilitate cross-checking of data between the following official electronic databases:

- Civil Service Bureau's database of asset declarations
- Company and land registries of the National Agency of Public Registry
- State Procurement Agency's unified e-procurement system

# How to Make Monitoring More Effective

- Expand the list of persons required to file declarations
- Add identification codes of companies
- Add personal ID numbers (if privacy rules allow it)
- Add cadastral codes of land plots
- Require disclosure of beneficial ownership