

SECOND MORNING PLENARY--SUMMARIES OF SPEECHES

Kjell Magne Bondevik

Zurab Zhvania

Corruption is also a problem because it undermines genuine efforts towards poverty reduction and exacerbates inequality. Georgia's Poverty Reduction Plan is intended to last for five years and its full success will be dependent on the extent to which the government can reduce the wastage of public resources through corruption. For the government of Georgia, progress in poverty reduction will go hand in hand with the reduction of corruption in the public sector. Linking progress in these two areas comes from the confirmation that corruption undermines social policy through misallocation of resources and failure to deliver social services and public goods.

While drawing the poverty reduction plan, the government realized that 60% of the Gross Domestic Product of Georgia was in the shadow economy. It was also estimated that a similar proportion of due taxes and revenues were lost. By the institution of more transparency in government processes and demonstrating zero tolerance for corruption within the public sector, the government of Georgia managed to increase tax revenues by 250%. This ties back to the reduction of poverty because the government has revenues with which to begin addressing the needs of the 9% of the population that are classified as living below the poverty line. In line with the requirements of the poverty reduction plan, the government has commenced targeted assistance programmes to this part of the population.

While Georgia has taken several radical reforms and considers that its experience may be instructive to other nations, it is clear that there are no universal recipes due to differences in social and political contexts. However, the one indispensable factor is the quality of political leadership as the best guarantee to successful reforms for transition countries. Three areas may be emphasized:

- It is important to understand that if a government is genuinely committed to rolling back corruption, then there can be no signs of partial commitment.
- Strengthening civil society organizations is important as the main external controls come from them and their vigilance helps to consolidate changes.
- Special legislation that guarantees Freedom of Information is indispensable because it allows citizens to scrutinize the manner in which public expenditures are carried out and this becomes an important check against non-transparent transactions.

