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Ketevan Rostiashvili

Corruption in the Higher Education System of Georgia

Starr Foundation and IREX

Tbilisi
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Dr. Louise Shelley, Dr. Giuli Alasania, Erik Scott, Anders Lynch, Johanna Wilson Dadiani, Stephan Antwine, Irina Kakoishvili, Shota Papava.

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Ketevan Rostiashvili is Director of the American University's Transnational Crime and Corruption Center Georgia Office (TraCCC GO) and Senior Fellow at the Political Science Center of Tbilisi State University (TSU). She received her Ph.D in history and second dissertation in political science from the Institute of USA and Canada Studies, Academy of Sciences of the Soviet Union and the Russian Federation. She is the author of numerous publications in the field of US history and politics. She can be contacted at kety@traccc.cdn.ge.

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Executive Summary

This report analyzes the level of corruption within the higher education system of Georgia. It uncovers the main reasons for the existence of corruption and the variables influencing it. The research recommends and discusses possible ways of eliminating corruption within the system, and generates a set of specific recommendations. International, national governmental and non governmental documents are used in the report. Also included were numerous articles published in the national and international mass media; books about corruption and the problems within higher education. Finally, the researcher analyzed the results of sixty in-depth interviews with local experts, students and parents.

Main findings

The higher education system of Georgia is highly corrupt due to the following deficiencies:

- Extremely low quality of teaching and learning;
- Poverty among a majority of teachers and professors;
- Lack of technical equipment and facilities (including libraries);
- Insufficient professional skills among trained specialists;
- Disjunction between the higher educational system and labor market;
- High level of unemployment among young professionals;
- Low standards of moral values and norms of conduct;
- Proliferation of corruption in all structural levels of the system;
- Drawbacks in existing legislation on Education; and
- An overwhelming amount corruption inside the institutions.

These drawbacks were a result of the over-centralized system of management well established at the governmental level of Georgia and in higher educational institutions. This state of affairs was enshrined in the legal codes as well. Furthermore, this is the result of cultural and historical traditions connected with the principles of management in imperial Russia and in the Soviet Union. This over centralized system of government is the most urgent problem for Georgia. The heads of some of the top universities come from the most corrupt elements of the old Soviet system, and function accordingly. There is no open competition and regulation of the top administration, nor any effective board of trustees inside of these institutions. In addition, there is no financial transparency in the budget process of universities or the allocation of resources.

Main Recommendations

The operations of the higher education system, the Ministry and academic institutions should be decentralized. The faculties should be given the freedom to introduce and develop their own teaching process and curricula, and they should be able to manage their finances to improve the quality of teaching. A system and culture of open competition in hiring teachers and professors should be introduced in order to overcome the tradition of hiring staff loyal to the administration. Teachers and professors should be provided with a salary sufficient to live at a decent standard of living. Students' opinions and abilities should be solicited and their views seriously taken into account when making decisions. In this regard, it

would be very helpful to develop a professor rating system based on the opinions of students. The activities of each professor should be evaluated annually or once in two years according to this system. The research work carried out by professors should be taken into account in any such rating system as well.

In order to improve the infrastructure and technical equipment of higher educational institutions and upgrade the quality of teaching, a transparent system of spending university funds should be adopted. Furthermore, permanent control of the budget, equipment and infrastructure should be vested in professors and students' associations. A national association of university teachers and professors should be created. The main purpose of the association would be to provide assistance to specialists in developing similar associations in higher educational institutions that would unite in a national association. The main goal of these associations would be to establish financial control over the administrative bodies of higher educational institutions, rationalize expenditures and adopt transparent procedures. The associations should participate in the adoption of new moral principles in the system of higher education which will make it possible to initiate an effective fight against corruption, nepotism, plagiarism (by students or professors) and other violations that are wide spread among higher educational institutions today.

The associations should defend the professional and labor interests of corresponding social groups. Also, the associations should establish professional contacts and promote cooperation between students, professors, and leading higher educational institutions in the world. The operation of the National Scientific Council of Georgia and its regulations should be revised. The procedure for international recognition of foreign diplomas and degrees should be simplified by developing rules for evaluating the equivalence of foreign degrees, rather than re-defending the scientific degree.

Western management and budgetary practices should be widely introduced in the Georgian educational system. Finally, the Chamber of Control of Georgia should be reformed. Without a truly neutral and independent public auditing institution, any progressive reforms inside of the higher education system or any other sector or ministry would fail.

Contents

Acknowledgment	7
Introduction	8
Problem Statement	8
Methodology	9
Origin of the Problem	10
Overview the Education Sector	12
National Legislation	13
Drawbacks of the Law on Education	13
Positive and Negative Sides of the New Draft	15
The Recent Draft Law	16
Corruption in Leading Institutions	18
Ministry of Education	18
Tbilisi State University	19
Drawbacks Audits Chamber of Control of Georgia	20
Interview Results	22
Most Corrupt Social Group	23
Reasons for Corruption	25
Economic	25
Social	26
Forms of Corruption	26
Grand Corruption	26
Mistreatment of Applicants, Future Students	26
Preparation Students for Entrance Exams	27
Entrance Exams	28
Mismanagement of the Personnel	29
Mismanagement of Buildings, Equipments, and Finances	29
Petty Corruption	30
Bribes During Midterms and Finals	30
Selling the Books	31
Participation in the International Programs	32
The Institution of Middlemen	32
International Institutions of Higher Education	33
System of Private Institutions	34

Fight Against Corruption	34
International Scale	37
Conclusions	38
Recommendations for Future Development of the Sector	40
Appendix 1. Characteristics of the Education Sector	42
Education Level of the Population.....	42
The Number of Students and Institutions	43
The Number of Teachers and Professors	47
Unemployment Rate	49
State Funding of the Higher Education Sector	51
Salaries, Wages, and the Cost of Labor	53
Poverty Level	55
Consumption of Goods	57
Appendix 2. Auditing Report Chamber of Control on the Ministry of Education, 15 April 2002	62
Appendix 3. Interviews Issues	63
Appendix 4. Estimation of the Respondents the Level of Corruption in Georgia	69
Appendix 5. Photos	75
References	108

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The work represents one of the first attempts to systemically analyze corruption in the higher education sector of Georgia. We acknowledge the fact that the problem is very diverse and complex, and the present research is only an initial step towards the full analysis of the problem and discovery of possible methods for improving Georgia's higher educational system.

The main objective of the report is to familiarize readers with the real circumstances in this sector so that improvements can be made to the current system through public discussion and debate. The analysis will help create an educational system that will prepare citizens for the needs and challenges of a global economy.

Many of the values within Georgia have been re-examined since the research was carried out in 2003. At the same time, the system of corruption and the facts described in the report reflect both former President Shevardnadze's regime and today's reality, which we believe is a positive aspect of the report. We encourage all interested individuals to contact us with their opinions, questions, or comments by e-mail: office@traccc.cdn.ge, Fax: 22 44 49 or Phone: (+ 995 32) 91 23 42; (+ 995 32) 91 25 79.

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Introduction

Problem Statement

The quality of education is one of the most reliable indicators of the future development of any nation. In nations where the quality of education is high, achievement is typically high. A well-constructed higher education system contributes to national security, a prosperous economy and effective government. On the other hand, corruption in higher education erodes and destroys a nation's foundation, impairing its capacity to reform itself or to firmly establish sound values in its society and institutions.

Post-industrial or industrial societies have developed much more effective systems of education than developing nations. In economically advanced nations, it is more difficult to cheat or steal than in countries with lower educational levels.

According to United Nations' Resolution 2200A, "Education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms".¹ This resolution recognizes "the right of everyone to education".²

Europe is on its way to establishing the European Higher Education Area by 2010. Reciprocal recognition of studies, certificates, diplomas, and degrees obtained within the countries of the European region represents an important measure for promoting academic mobility among countries. The European Community declares, "higher education should be considered a public good and is and will remain a public responsibility".³

Georgia, the geo-strategic center of the Caucasus region, is in the initial stages of building a society based on the values of liberal democracy and of integrating itself into European and global international organizations. However, the current situation in the Georgian higher education system is still far removed from Western standards in the areas of teaching methodology and administration. Undoubtedly, the most serious problems are the mismanagement of the entire educational system and the corruption within it.

The main purposes of the report are:

- To analyze the characteristics of the higher education system of Georgia;
- To analyze the level of corruption within the system;
- To uncover the main reasons for the existence of corruption and the variables influencing it;
- To recommend and discuss possible ways of eliminating corruption within the system; and

¹ United Nations. General Assembly. Resolution 2200A (XXI) (16 December 1966). *International Covenant on Economic, Social and Cultural Rights*, 3 January 1976, p. 4. in accordance with article 27. Retrieved from: www.uhchr.ch/html/menu3/b/a_ceschr.htm.

² Ibid.

³ The European Higher Education Area. Joint declaration of the European Ministers of Education convened in Bologna on 19 June 1999 pp.1-2; <http://www.unige.ch/cre/activities/Bologna%20Forum/Bologna1999/bologna%20decl.11.04.2003>; Lisbon Convention on the Recognition of Qualifications Concerning Higher Education in the European Region (Lisbon, 1997), p.1. Retrieved from: http://www.cepes.ro/information_services/sources/on_line/lisbon.htm; Communiqué of the Meeting of European Ministers in Charge of Higher Education in Prague on 19 May 2001. p.1-2. Retrieved from http://www.aic.lv/ace/bologna/bol_prg/pragcom.html.

- To generate a set of specific recommendations that, if implemented successfully, should significantly reduce the potential for corruption.

The following documents were utilized in this report:

- International documents adopted by the United Nations and the European Union;
- National statistics of Georgia, including the annual documents of the state budget of Georgia;
- National legislation on higher education and the drafts of new legislation;
- Reports of governmental organizations, including the Chamber of Control of Georgia;
- Reports by non-governmental and international organizations represented in Georgia;
- Numerous articles published in the national and international mass media;
- Numerous books about corruption and the problems within higher education; and
- Analyzed results of 60 in-depth interviews with local experts, students and parents, conducted specifically for this study.

Methodology

This report is based upon the structural functional-institutional methodology, which facilitates the study of an institution from different perspectives. In this case, it was important to study the system of higher education as an institution, a complex phenomenon including public and private institutions (institutes and universities). Also, it was necessary to study the Ministry of Education because it functions as the lead coordinator of the education system. Furthermore, this report regards the higher educational system as an institution reflecting the specific social, economic, and cultural conditions of Georgia.

Sixty in-depth interviews were conducted and analyzed exclusively for this report. An in-depth interview is a type of qualitative sociological research instrument where the findings are not representative of society in general. Therefore, the results can be interpreted as hypothetical or supposed. Certainly, any hypothesis requires verification and this is the function of quantitative investigation in sociology. However, even quantitative research results do not hold the force of a juridical document. The results only establish dominant objective tendencies of public opinion in society; whereas, qualitative research reveals tendencies that might exist in society, it does not indicate whether or not they are dominant.

The issues presented during the interviews for discussions focused on corruption within Georgia in general and within higher education in particular. Interviewees were selected from leading Georgian universities: 30 experts, 15 students, and 15 parents of other students. Most of the educational experts had also participated in the creation of new drafts of education legislation in Georgia. The selection process utilized the “snowball” method where one person is selected and then subsequent selections are made according to his or her recommendations.

In the report definition of corruption is used as “the misuse of entrusted power for private gain. This definition includes public and private sector corruption, at both petty and grand levels”⁴.

⁴ Transparency International, Global Corruption Report 2003. (2003), p. IX.

Origin of the Problem

The Soviet educational system, in general, was considered to be well-organized and of high quality. It was in part copied from the Prussian model of education, which was based on teaching-oriented values and a centralized system of management.

Illiteracy in the Soviet Union, including Georgia, was virtually eradicated. Furthermore, the Soviet Union advanced the fundamental sciences to a significantly powerful and advanced level; but, the main drawbacks of the system were its rigid ideological orientation and limited inquiry/research in the social sciences. Studies in economics, history, political science and philosophy were greatly limited, as these sciences were developed only within the framework of Marxist-Leninist ideology. Ideological barriers were impossible to overcome and no original studies based on the existing situation in the country were conducted. These sciences continue to be very poorly represented in the post Soviet Republics since no tradition exists of teaching critical thinking skills and professional analysis. However, significant progress has been achieved at many institutions throughout the Post-Soviet Republics.

The poor development of the social sciences has negatively influenced the development of civil society and its activities. An active, educated, and well-informed citizenry that exercises a strong influence on government decision-making process was not preferable for the government. A passive society becomes easily accustomed to corruption as part of its daily life.

The Communist Party of the USSR created an over-centralized system of government, particularly within the education system. All issues regarding education were decided at the top governmental level, while neglecting low level and grass-root initiatives.

The Bolsheviks, and later the Communist Party of the Soviet Union, introduced a system whereby secret agents penetrated every segment of society. This intricate network functioned on the departmental level in the higher education system. These secret agents collected information about professors and students alike, including their teachings, lifestyle and even their aspirations and dispersed it to the top leadership of the State Department of Security (KGB) and the Central Committee of the Communist Party. Independent minded professors and students, who were able to criticize the regime, were especially scrutinized by these organizations.

As a result, this system produced a closed, formal manner of teaching with no academic freedom. A sterile ideological environment dominated higher educational institutions leading to a serious crisis in the development of the social sciences. This hierarchical, over-centralized system of government within the education sector hindered dynamic development and diminished professors' and students' creativity. The only way for professionals to survive was to worship the existing regime, its leadership, and the top leadership of the universities, Ministry of Education, Marxist-Leninist ideology in general.

Corruption was another serious problem within the Soviet system of education. The political system was based on the loyalty of the elite, for whom the law had largely nominal meaning. Indeed, it was their privilege to live outside both the law and the standards under which the rest of the nation lived. This situation persisted in the education system as well, where a climate formed with no priority on scholarship or knowledge, but instead on personal loyalty within various familial networks. One of the most important incentives for maintaining this loyalty was the special access afforded to the elites' children and relatives, regardless of their academic qualifications. This phenomenon shaped a culture of corruption within the higher education system. The children and relatives of the elite could easily pass entrance exams (mainly to

the exclusion of educated, common citizens) and graduate without acquiring requisite experience and knowledge. Those who had the means to bribe both party officials and administrators also enjoyed this corrupt practice.

During the Socialism were practiced two different forms of corruption in higher education system of Georgia: corruption during the entrance exams and the teaching process (semester exams, writing papers for getting degree, other); and corruption in financial or administrative (procurement, sustaining the buildings etc.) activity. In both cases took place embezzlement of public funds. We can characterize the corruption of that time of both type: grand and petty. Its control from the state was “symbolic”. In reality the situation was well controlled by the separate leaders from the government, but not for healthy management, but for their private profits. Actually corruption based on the organized crime, involving the main segments of the administration inside the higher education institutions was incepted at that time.

Although in the first half of the 1970-s Communist Party of Georgia under the leadership of Eduard Shevardnadze, first Secretary of the Communist Party of Soviet Socialist Republic of Georgia, began “rigid” fight against to the “negative tendencies” in the republic. During this campaign was arrested the Rector of the Medical Institute, Peter Gelbahiani, but it was a separate case and the campaign did not destroy the existing system of corruption. It turned out to be untouched, and along with other factors, it brought about in 1980-2000-s its unleashed flourishing. This system of corruption successfully dominated in Georgia in 1980-2000-s.

Corruption inside the education sector developed in the 1950s and 1960s, eventually becoming an integral part of the system by the 1970s and 1980s. In the 1990s, the endemic corruption in the education sector led to a national crisis throughout the entire former Soviet system, persisting today in almost all former republics, including Georgia.

Today, Georgians can easily obtain a diploma without undergoing rigorous preparation from any state or private higher education institutes (with a few well-known exceptions). The inept Soviet system of management, with its numerous drawbacks, persists in the education sector and throughout Georgian society as a whole.

Georgia has begun to reform its education system based on a democratic, Western model in 1994. It transferred 5 years studying regime dominated in the Soviet Union into two tier, level education system: four years with the bachelor degree and two years master degree.⁵ This reform was introduced at Tbilisi State University and later in other institutions. As well were introduced some new Western programs of teaching. But indicated reform predominantly had the superficial formal character and was not oriented on the overwhelming, radical changes and improvement of the system. About the same time were introduced commercial sectors in the state universities for better sustaining them in a desperate financial environment.

Georgia is on its way of the transition from an over-centralized structure of management, rife with corruption, to a decentralized, liberal model of education, free from corruption, is a complex challenge. The challenges posed by corruption effect not only Georgia, but also almost all Post- Soviet republics. It is mission of the intellectuals of Georgia to provide overwhelming, deep and radical reforms in the higher education system for providing country sound, healthy basement of the society, providing excellent professionals for any field of human activity.

⁵ Reformation of the Higher Education System and Its Results at Tbilisi State University, Tbilisi, 2000, p. 5-7.

Overview the Education Sector

Georgia is the country of universities. There are quite many, 180 higher education institutions with 153,700 students.⁶ In the Soviet Union there was all an all in 1990-s about 600 higher education institutions. The vast majority of the students 75 % are engaged in public universities, the rest 25% - in private.

The scale of the population of Georgia engaged in higher education sector is quite high. 24 % of population (40 year ago only 4%) has degrees of higher education.⁷ It means that 24% of population directly or indirectly deals with corruption in this sector and is either victim, either active or passive participants of corruption. The impact of this social group is much more important when their household members, comprising 100% of the population, are taken into account. Therefore, the issue of the corruption in higher education sector has tremendous importance for the society.

In Georgia education sector is one of the leading state employers, 7.1% of the total population is employed in this sector,⁸ plus 3,5% of the population are students.

There are 11,964 teachers and professors engaged in this sector, out of them 2,573 Ph.D. and full professors.⁹ This is the main social group, which deals with corruption and in case of proper management of higher education institutions the most dynamic part of this social group is supposed to be the main force liberating this sector from mismanagment.

Education sector has one of the lowest rates of salaries in the country. The average gross monthly salary in 2002 comprised 49.8% of the national gross salary level.¹⁰ The national gross average monthly salary in 2002 comprised GEL* 113,5, but in education sector GEL 56,6.¹¹ The poverty of professors/instructors is regarded as one of the possible reasons of overwhelming corruption in the country. The minimum subsistence level in 2002 in Georgia was GEL 125.4 per month and the median consumption was GEL 121.6 per month.¹² This data clearly show that salaries in the education sector are nearly half of the official absolute poverty and consumption levels. In fact, the average monthly gross salary in the education sector comprises only 44.4% of the average minimum monthly subsistence level.

Any estimation of income in Georgia must take into account the country's considerable black market, the scale of which provides a measure of the consumption of goods. The deficit between per capita monthly incomes and expenditures in 2001 was 56,6 %; in 2002 only 24,4 %.¹³ This data can (although not very reliable) be considered as the approximate share of the black market in the Georgian economy. This report provides detailed statistical analyses of the education sector of Georgia. (See appendix 1, tables 13, 14)

The existence of the black market and illegal incomes explains in many ways why there has been only a weak protest from within the education sector, and virtually none among professors and other employees, despite extremely low salaries. Those employed in higher education have traditionally the opportunity to make additional money, legally or otherwise, unlike those in other sectors of the education system. Another reason for the absence of any protest is explained by the system of loyalties encouraged by current legislation on the education sector.

⁶ Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2000, pp.99; Ibid, Tbilisi, 2003, pp.108-109.

⁷ Ibid., Tbilisi, 2000, pp.84-85; Ibid., Tbilisi, 2003, p. 96.

⁸ Ibid., Tbilisi, 2000, pp. 52-53; Ibid, Tbilisi, 2003, pp. 54-57.

⁹ Ibid., Tbilisi, 2003, p.111.

¹⁰ Ibid., p.66.

* GEL – National Georgian Currency “Lari”. The rate of GEL ranges from 2 to 1.80 equivalent of the USD.

¹¹ Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, p. 65.

¹² Ibid., p. 88.

¹³ Ibid., pp. 78-79, pp. 83-84.

National Legislation

Drawbacks of the Law on Education

Since the downfall of the Soviet Union a number of legislative acts, decrees, and Presidential Orders have been adopted concerning education and science in Georgia.¹⁴ Among these, the most important is the “Law of Georgia About Education” adopted in 1997.¹⁵ Although this legislation has been amended many times, it is outdated. The law supports and perpetuates the old system of management of the higher educational system and fails to introduce any new values or priorities. On the contrary, it strengthens the centralization of the state’s power over the educational system. According to the legislation, the President of Georgia directs and implements state policy in the field of education. The President:

- Adopts “targeted state education programs”;
- Approves the Rectors of public higher education institutions after the submission of candidacies by the Minister of Education and may terminate their tenure before its expiration. (This includes the Rectors in the subordinated regions of Abkhazia and Adjara); and
- Establishes and terminates state higher educational organizations.¹⁶

The above legislation gives the Ministry of Education the power to manage all state policy in the field of education and to administer the governmental bodies of the education system. In fact, this law contradicts the 1992 Decree of the State Council about the autonomy of higher educational institutes. Even autonomous universities are dependent upon the Ministry of Education and the President of Georgia for their management. The law of 1997 gives the Ministry of Economy, the Ministry of Education, and other relevant Ministries

¹⁴ The main legislative acts of Georgia concerning the higher education system are:

- 1992-Decree of the State Council about the Autonomy of the Higher Educational Institutes;
- 1996-Council of Ministers Decree about Education. It declared the development of Georgia’s education system as a priority. This document was prepared on the basis of the “Concept of the Development” produced by Tbilisi State University;
- 1997-Law about Education;
- 1999-Law about Public Legal Entities;
- 1999-Law about the Academy of Sciences. It declared that one of the priorities of the Academy of Sciences of Georgia was the collaboration with the higher education institutes and the coordination of existing fundamental studies;
- Law about Business Activity;
- 1999-Presidential Order defining the status of the Rector of the state universities;
- 2000-Presidential Order creating the Council of Scholarly Experts; and
- 2001-Decree of Parliament of Georgia. The Main Directions of Higher Education Development in Georgia.

¹⁵ The “Law about Education in Georgia,” 27 June 1997, Tbilisi, 1997.

¹⁶ Ibid, p. 9-11. Chapter 3 of the law, subchapter 17.

2nd Clause, “President of Georgia adopts:

A) Targeted State Education Programs;

B) Proposals of the Ministry of Education about canceling the state higher educational Entities”.

3rd Clause, “President of Georgia creates, at the Ministry of Education, Accreditation Council of the Higher Educational Organizations, approves its decisions and its staff”;

4th Clause, “The President of Georgia approves the Rector (Presidents) of the State Higher Educational organizations to this post after the submitting the candidacies by the Minister of Education to the President of Georgia. According to the subchapters 23-24 of this law, ceases his tenure before its expiration”;

5th Cause, “The President of Georgia holds the decision to create a State Higher Educational organization”.

the right to, “produce in the field of Education state financial norms and jointly to work out the project of the state contract for further approval by the President of Georgia”.¹⁷

Traditionally, the Central Committee of the Communist Party nominated the Rectors of the universities and institutes. Candidates for these posts were not independent-minded professionals, but “academics” loyal to the Communist Party régime and its First Secretary. These Rectors nominated professors and officials loyal to them on their own terms, thereby helping to completely integrate the higher educational system into the existing political regime.

During Shevardnadze’s administration, all Rectors were well known for their loyalty to the President. Rectors controlled the “Big Councils,” the supreme university administrative bodies. These councils made the most important decisions regarding their organizations, and the members, heads of the faculties and departments composed the “Big Councils” membership and were unable to competently manage the organizations.

The Rectors created a psychological climate within the organization where the department heads were “elected” for their loyalty. These “elected” department heads consisted mainly of “famous academics” who were known not for academic achievements, contributions, professionalism, or managerial skills, but simply for their loyalty to the Rector. The system of appointments was predicated upon bribes, nepotism, and ignorance. These department heads subsequently surrounded themselves with the same mediocre professors and teachers loyal to the system rather than to academia.

The pyramid of power inside universities is deliberately organized and stable. Unfortunately, within Georgia’s academic institutions, mediocrity and abuse of power still dominate both academics and administration. This hierarchical system has been enhanced by the above-mentioned law, which permits one to, “hire professionals through contract, through a competition or without it”.¹⁸ There is no tradition of conducting fair and transparent interviews for vacancies. The same law indicates that an employee should have performance evaluations but it does not specify how often or who should do the evaluation.¹⁹ This ambiguity allows high-level administrators to manipulate current employees/staff and hire people of less talent, ingenuity, and professionalism.

Hiring is often based on the willingness to serve this malfunctioning system to the detriment of students and academic integrity. Most often, employees are very dependent upon the administration since it is the administration that allots teaching hours and sets salaries. A high salary naturally being dependent upon a maximum number of teaching hours. If the professors/instructors are not considered to be very loyal to the administration, they usually receive fewer additional teaching hours and thus a decreased income. In some cases, a professor/instructor can have a successful academic career while being critical of the administration. In such cases it is better for the administration to bring this “opposition” into their fold since many times the “opposition” knows of the illegal activities occurring in the administration. Real opposition and criticism of the administration are severely punished, and speaking out to the mass media usually severely limits career potential and often results in loss of one’s position or dismissal from the university. Because of this, the desire and opportunities for reform within the universities are extremely low. The financial dependence of the employees upon the administration and the negative moral atmosphere created within the institutions make reform within the system quite difficult.

¹⁷ The “Law about Education in Georgia,” 27 June 1997, Tbilisi, 1997. p. 9-11.

¹⁸ Ibid, p. 19.

¹⁹ Ibid.

Due to the lack of a system of merits, fair competition, and objective performance evaluations, the resulting consequence is a diminished professional staff, comprised of aged employees, many of whom have a vested interest in perpetuating the old system. These aged professors serve as guarantors of an inefficient administrative system rife with corruption.

Another rampant tradition helping to stabilize the old system is the old Soviet system of informers, where a network of dedicated employees informs the administration of the ongoing situation in the faculties and departments. Any expression of independent thinking or criticism of the existing administration results in negative consequences as discussed above.

Positive and Negative Sides of the New Draft

Because of growing recognition of the need for new legislation in the higher education system, on 1 March 2002 the Parliament approved a decree on the “Main Directions of Higher Education Development in Georgia”.²⁰ The document was used as the base to prepare a new draft law on higher education, which is substantially more progressive. This new draft was prepared by leading experts in the higher education system of Georgia and supported by the Open Society Georgian Foundation.

The new draft law:

- Limits the traditional power of the President in higher education;
- Cancels the existing system of entrance examinations;
- Proclaims a new unified system of admission exams;
- Introduces a new system of financing, not through higher education organizations, but through student vouchers;
- Introduces in more details a system of accreditation for higher education organizations;
- Introduces a new system of credits for universities/institutes and a one-tier system for academic dissertations, unlike the existing two-tier system;
- Proposes a new system of management for higher education organizations.

However, the draft faces several drawbacks, including:

- Vague legislative points;
- Lack of incentives for decentralization of higher education institutions. The law does not provide enough administrative and financial power to the departments;
- Poorly defined administrative framework. The governing system of academic institutions should be redefined, including election of the chairperson and the general management of the university/institute. Specifically, a more deliberate law is needed to promote democratic election of the Rectors; and

²⁰ The Main Directions of Higher Education Development in Georgia. Tbilisi, 2002.

- Unanswered questions concerning the implementation of the future law. Who will monitor its fulfillment? How much will be appropriated for its financing?

In general, the new draft is a considerable improvement. Its adoption should be supported, but it is necessary to continue developing and improving legislation in this area. Professors, students, and non-governmental organizations, as well as political parties must support this new draft.

The Recent Draft Law

In summer 2004, the Consulting Board of the Ministry of Education and Science of Georgia prepared a new version of the mentioned draft law, which represents a considerably improved version of the above-mentioned draft law.²¹ The new draft law is much better compared with the existing legislation and the previous draft law. We strongly recommend that it therefore be adopted. However, as an organic document, it is not perfect and would benefit from further examination and improvement. The new draft eliminates all the weaknesses mentioned in the report above and includes other strengths. The content and style of the draft law are considerably improved.

It provides strong incentives for decentralization of educational institutions. The management scheme at higher educational institutions that are legal entities is improved. In particular, the principle of distribution of power is better represented. Furthermore, the competences of the two main branches, the Academic Board and the Senate are clearly separated. The former is the highest representative organ of academics, and its chairman is the Rector. The latter is the highest organ of students and professors, and its chairman is the Speaker. The two organs provide checks and balances on each other. The administrative unit is provided separately under the Chancellor's leadership.²² In addition, the system of electing candidates to the leading positions has been improved.

The new draft law provides more administrative and financial power to the departments, which is a very positive and useful initiative. In particular, paragraph "E" in Chapter III allows the faculty to control the finances and property, "according to the rule defined by legislation and regulation".²³

Among the revolutionary changes to be highlighted is the transition requirements terminating the authority of Rectors of higher educational institution immediately after the law comes into force. The President of Georgia appoints a temporary manager on the basis of submission by the Minister of Education and Science of Georgia. The authority of temporary manager is extended until the first elections that will be held in 2006-2007. The temporary manager is not eligible to participate in the elections. The first Rector is elected for two-year term, and each of the following appointees is elected for the term defined by the law.

Furthermore, the time period of any earlier service of the candidates for the positions of Rector, Chancellor, and Dean, during period they occupied such a position, or corresponding deputy's position in a given institution, will count to the full term of appointment defined by the law.

The principle of staff rotation is formulated accordingly. One third of the composition of Academic Council is subject to rotation after expiration of half the term determined by the academic program. This requirement

²¹ The Recent Draft Law can be viewed on the website of the Ministry at: www.mes.gov.ge

²² The Law of Georgia on Higher Education (draft), Chapter IV, p.11, www.mes.gov.ge

²³ Ibid., Chapter III, p. 10, www.mes.gov.ge

will also help staff rotation within the Academic Board and improve general management of education institutions.

It is hoped that these initiatives will help to liberate higher educational institutions from leaders of notorious reputation and promote the principle of recruiting best candidates;

The new law also has some disadvantages as well. According to the new draft, the Minister of Education and Science of Georgia is entitled to dismiss the Senate of the higher educational institution if it fails consecutively twice to receive institutional accreditation. This is the legal entity subject to the public law, and this provision seems justified. “In case of the incapability to manage bodies of higher educational institution, a legal entity subject to public law is to negotiate to solve a particular problem independently”. This means that in critical situations, the Ministry of Education and Science gets involved to establish order. In such a case the Minister is entitled to dismiss the Rector or Chancellor of the higher education institution.

In a transition period, when the educational institutions are in extremely difficult social-economic conditions, we consider that strong subordination to the Ministry of Education and Science is justified. In the future, when the general situation is changed within the country, particularly in the educational sector, we hope that it will be possible to restore the autonomy of higher educational institutions.

At this stage it is necessary to improve the provisions for the conditions and procedures for the dismissal and recall of members of Senate, Academic Council and Administration, since the draft law does not address these issues.

Despite the considerable improvements in the text of the draft law, it requires further editing and scrutiny within the corresponding committees and subcommittees of the Parliament of Georgia in order to submit the text of future law to the Georgian society in the best shape.

We consider that the draft law on higher education prepared by the Ministry of Education and Science is a very important and necessary document and it should be adopted by the Parliament of Georgia in shortest period of time.

Corruption in Leading Institutions

Ministry of Education

The Ministry of Education is the main coordinator of the education system with more than 200 financially subordinate educational units, including autonomous universities. By the spirit of the law, Ministry of Education is supposed to promote and facilitate the activities of academic bodies as well as foster national and international contacts, organize projects, etc. Unfortunately, the reality is much bleaker. The Ministry traditionally was the focus of numerous complaints of negligence by the public sector, civil society, and international organizations.

The Chamber of Control, the main governmental auditing body, is required to audit the finances of governmental organizations once every two years. In 2002, the Chamber of Control published a report of its 2001 audit of the Ministry of Education.²⁴ It revealed high levels of corruption, the most serious of which are:

- Asset management, including buildings and equipment. The Ministry completely lacked any inventory control mechanism or documentation of its assets. Additionally, there were problems properly documenting written-off properties totaling GEL 9,976,500 (USD 4.5 million);
- Financial management, including debts not properly accounted for or documented. Budget management where permanent deficits existed due to the admittance of more students than allotted for in the budget, totaling in excess of 3,759 students in 2001; and
- Contract management, involving serious ongoing problems in the lending of Ministry equipment, under the supervision of Ministry officials and in direct violation of contracts.²⁵

Negative conclusions regarding the Ministry of Education were also reached by three local NGOs: the Association of Young Lawyers of Georgia, the Association of Young Economists of Georgia, and the international NGO Transparency International Georgia.²⁶ These conclusions are also in agreement with the Chamber of Control's audit results, including:

- A low level of professionalism in Ministry programs;
- Limited Ministry support for state policies on education, resulting in poor efficiency of its Programs;

²⁴ Auditing Report Chamber of Control on the Ministry of Education, 15 April 2002 (See appendix 2).

²⁵ Ibid., 15 April 2002.

²⁶ The Results of the Public Monitoring of 2001 Expenditures: Ministry of Education. Young Lawyers of Georgia, the Association of Young Economists of Georgia, and Transparency International, Tbilisi, November 2002. This report disclosed: illegal movement of commercial sector money of the Ministry of Education, through commercial banks instead of state financial channels; misuse of finances derived from the Ministry's commercial sector; mismanagement of finances by the Ministry of its subordinate organizations because it does not have financial accounts from them. In reality, the Ministry provokes the misuse of the state budget funds in these affiliated organizations. Permission to increase the admission number is granted by the Ministry of Finance and sometimes permission is granted even though there is no formal request by higher institutions. As can be expected, the addition of unplanned students only drains the system's finances and further decreases the quality of the teaching. Corruption is the only incentive for admitting additional students. The Ministry propagates the misuse and embezzlement of public funds.

- Serious problems with the cashbooks that are often forged;
- Funds used in conflict with legislation; and
- Ministry misuse and embezzlement of public funds.

Despite numerous violations of the law, the misuse of public funds by the Ministry of Education and the lack of proper audit controls beg the question of misuse of power. Although Georgia's Criminal Code calls for punishment for violating the law, in reality, corrupt officials were never punished.

Tbilisi State University

The Chamber of Control released results of its 1 January 2001 to 1 January 2002 audit of Tbilisi State University.²⁷ The results were as negative as those of the Ministry of Education. The results revealed numerous instances of mismanagement of not only the cashbooks, but also of the University's infrastructure. The main problems revealed by the audit are as follows:

- **Financial Violations:** Inconsistencies were revealed in cashbook management, its pages were lost and often money was withdrawn from the cash desk without proper orders. In the cashbook, information was erased and the cashier made changes without confirmation. The balances were not calculated properly. The terms for random auditing, and the available limits of the cash were not indicated. There were cases of giving cash to the financial responsible person without closing the sub accounts. According to the 2000 economic classification code of salaries totaled GEL 1,274,200 and cash expenditure worth GEL 1,300,200, but actually GEL 1,453,400 was spent with an overlap of GEL 153,200. The reason for such an overlap is that TSU did not reduce its staff by 10%;²⁸
- **Utilities Mismanagement:** Each year, TSU pays huge fines for mismanaging its infrastructure. For example, in 2000 - 2002 late payment of water bills and waste totaled GEL 2,766,800, about USD 1,5 millions. The annual budget of TSU is USD 5 millions, so it is obvious how badly the university is run;
- **Student Admissions:** Each year TSU violates admission limits. During the 2000-2001 academic year, according to the State plan, 1607 students were supposed to be admitted, but in fact, 1765 were admitted, 158 more than the plan allowed for. The following year the number was 224 over and each subsequent year has seen an increase in this number;
- **Diplomas:** The distribution of water marked documents and diplomas of Tbilisi State University is not strictly controlled, and the rules of production and use are violated. For example, the Department of the Teaching and Training gets money from the students without providing them with receipts; there is no registration and no further trace of the transmission (movement) of released diplomas and certificates by TSU;
- **Tenders:** There are regular violations of the Georgian Law, "About the State Procurements". In 2000-2001, state procurements were conducted without any tenders.²⁹

²⁷ Auditing Report Chamber of Control on Tbilisi State University, 1 May, 2002.

²⁸ Ibid.

²⁹ Ibid.

Drawbacks Audits of Chamber of Control of Georgia

Generally, the information of the Chamber of Control is very valuable, as it is the only public governmental material about the financial situation of state organizations. But, it is clear that the system of auditing itself needs to be improved.

Documents are not professionally written. There are too many insignificant details, sometimes unclear, and badly generalized. Auditors are not provided full and accurate numbers on the financial damage of the mismanagement of the auditing organizations.

Audits are performed superficially, without in-depth analysis into the problems and systems of misused funds. The materials prove that the organizations' violations are much more serious than is reflected in the documents. For example, it is amazing that the only final recommendation of the Chamber of Control in the cases of the Ministry of Education and Tbilisi State University is to present the results of the audit to the organization that was audited, namely to the Ministry of Education and to the "Big Council" of Tbilisi State University.³⁰ There are no other sanctions or measures recommended to improve the situation. This readily explains why the mismanagement and misuse of funds continued successfully from year to year in governmental organizations. Also, the recommendations disclose corruption inside the Chamber of Control, which seems to bear no responsibility for the content of its audit reports. Although numerous violations have been documented and presented by the government's own supreme auditing agency, but no organization has received punishment.

The state of corruption in the higher education system has been publicized many times in both the international and national media, including Georgian TV programs.³¹ The independent TV company Rustavi 2 has devoted a number of segments on its "60 Minutes" investigative journalism program about corruption in various academic institutions, including Tbilisi State University and the Academy of Fine Arts. As a result, the head of the program "60 Minutes", Akaki Gogichaishvili, was fired from his position as a teacher at TSU.

The conclusions made by the Chamber of Control, Georgian NGOs, and the local and international press contradicts a World Bank report based on a 2000 released survey conducted by Georgian Opinion Research Bureau International (GORBI).³² The diagnostic surveys on corruption were carried out by the World Bank and GORBI in mid-1998. The survey questionnaires were designed and pre-tested in collaboration with the Government of Georgia. Altogether, 802 households, 350 enterprises, and 206 public officials were surveyed.³³ According to the report, "state educational institutions received relatively "good" marks in the household survey. The percentage of the time that bribes are required is low and the

³⁰ Auditing Report Chamber of Control on Tbilisi State University, 1 May, 2002, Auditing Report Chamber of Control on the Ministry of Education, 15 April 2002, Ibid., 1 May, 2002.

³¹ Peuch, Jean-Christophe (8 February 2002) Georgia: Clock Is Ticking As Higher Education Eaten Away By Corruption. *Chronicle of Higher Education*. 48 (47), (A321). Radio Free Europe / Radio Liberty, Inc. Retrieved from: <http://www.rferl.org>. Mak Williams Bryon, 2 August, 2002, In Georgia, Professors Hand Out Price Lists. *Chronicle of Higher Education*, 48 (47). (A,34). Kakhniashvili A., Corruption in the Universities of Georgia, *Rezonansi*, 22, 24 July, 2000; Tevzadze G. "Urgent Anti-Corruption Measures in the Education System of Georgia". Tbilisi, 2000.

³² Corruption in Georgia: Survey Evidence. A report prepared by the World Bank based on a survey conducted by Georgian Opinion Research Business International with funding from the World Bank and USAID, and with the collaboration and support of the Government of Georgia. Poverty Reduction and Economic Management Department Europe and Central Asia Region. June 2000.

³³ Ibid. p.1.

total flow of bribes to state educational institutions is not large. Lastly, state educational institutions received fairly high ratings for honesty and integrity”.³⁴

The results of our sociological study demonstrate that corruption in the higher educational sector is very high. Our survey was conducted in 2003, while the above-mentioned study was conducted in 2000. Considering that no serious changes being traced in the social life of Georgia from 2000 to 2003, it becomes obvious that the results of our studies seriously differ.

³⁴ Corruption in Georgia: Survey Evidence. A report prepared by the World Bank based on a survey conducted by Georgian Opinion Research Business International with funding from the World Bank and USAID, and with the collaboration and support of the Government of Georgia. Poverty Reduction and Economic Management Department Europe and Central Asia Region. June 2000, p.17.

Interview Results

In order to define the level of corruption in Georgia's higher education institutions and determine its specifics and variables, 60 in-depth interviews were organized including 30 interviews with experts, professors, and teachers. The indicated sociological research was held in the spring of 2003, half a year before the "Rose Revolution". It must be noted that the material given in the interviews should be reviewed in the historical retrospective.

Of the thirty experts, nineteen were professors from leading universities and institutes, including historians, sociologists, political scientists, physicists, teachers, and lawyers. The experts were comprised of 24 males and 6 females. The age range of the experts included 30% from 41-50 years old, 26% from 31-40 years old, 17% from 51-60 years old, 13.3% more than 60 years old, and 13.3% younger than 30 years old. Ten members of the group were representatives of non-governmental organizations and others were representatives of the Open Society Georgia Foundation. Fourteen respondents were engaged in anticorruption activity, and many of them work in administrative positions at universities and institutes. The majority of the experts participated in drafting the new legislation on higher education in Georgia.

For the interviews, fifteen parents were selected who have a child studying at a public institution, as planned in our original project proposal. The parents represented 8 students from Tbilisi State University, 1 from Pedagogic University, 1 from the Medical University, 5 from the State Technical University, and 1 from the Institute of Arts. Thirteen respondents were women and two were men. The age range for this group was from 38 to 59. The monthly income of each family member, with the families ranging in size from two to six members, is minimum GEL 50 and maximum GEL 100. During the study, interviews were conducted with 15 students including 10 from the Law Faculty of Tbilisi State University distributed evenly between male and female with the remaining 3 female students from the State Technical University and 2 males from the Medical University. Therefore, the interviews engaged students from the most prestigious public institutions and the three largest recipients of funds from the national budget.

All the respondents collaborated freely. The main sources of information for the respondents were their personal experience and the experience of their family members, relatives, friends, colleagues, and the mass media.

For a better understanding of the situation in the education sector, the respondents were given two main sets of issues for discussion. The first set dealt with corruption in Georgia in general, while the second addressed issues directly connected with corruption in the higher education system. Each set also contained a subset of questions. (The issues for discussion can be found in Appendix 3.)

Altogether, the study consisted of 93 issues: 25 issues were discussed with the experts, 34 issues with the parents and 34 issues with the students. (The differing social groups explain the differences among the quantity. Student and parent issues were presented in more detail in order to better understand the issues involved.)

All the respondents defined corruption as a negative phenomenon, as the misuse of power by governmental officials. The majority of respondents regarded corruption, as a social evil that hampers progressive development and that should be condemned and fought. Most replies were homogeneous, including the definition of corruption. (Estimation of the respondents the level of corruption in Georgia see appendix 4.)

There was unanimity in estimating the level of corruption in the higher education system of Georgia. Nearly all respondents recognized the high level of corruption in this sector and its increase to levels of law enforcement organizations. In fact, some respondents believe the higher education system to be the most corrupt sector in Georgia. Most respondents admit that the majority of departments and faculties are corrupt, with the most prestigious public universities perceived as the most corrupt.

An explosion in the number of educational institutions occurred with the start of capitalism in Georgia. Evidence of corruption in the higher education system, according to one expert respondent, is the proliferation of educational organizations, “about 200 now exist. The fees charged by these organizations far exceed the quality of education, as most exist solely as a means to increase financial gains of its owners and administrations”. Respondents also regarded the Ministry of Education as corrupt. “This Ministry is part of society, therefore it is corrupt as well,” concluded many of the respondents. Overwhelmingly, corruption in the Ministry of Education was associated with and analyzed as an integral part of corruption in schools. One student respondent believed, the “Minister of Education Alexander Kartoziya, is an honest, well-educated person, but he, just as President Shevardnadze, does not understand economics”. As time proved activity of both leaders was far beyond ignorance in the field of economics, but presented obvious cases of corruption and misuse of public position. General Prosecutor’s office has prosecuted the criminal case against Ex-Minister of education Kartoziya and his Ex-Deputy Vladimir Sanadze. The case is under the investigation. They are charged for many different malfeasants, among them the machinations dealing the World Bank loan.

One student respondent thought that corruption in the administration of universities was not significant, because “many top employees have their own private businesses and are quite rich and not need to misuse their power”. This statement as well is far from reality, as the poor functioning of the majority of higher educational institutions prove that its administrations on a daily bases are misallocating funds and mismanaging the organizations.

The respondents believed that corruption in the higher education sector was a direct reflection of society. If society was not so corrupt education would be much more valuable. One respondent believes that corruption in society and the higher education system fed off each other. Higher education created a solid ground for corruption to flourish in society by training the students to be engaged in the corrupt system.

Most Corrupt Social Group

Some students believed that the administration, responsible for managing the university, is the most corrupt group within the system. For the respondents, corruption in the Ministry of Education is a lesser evil than that in the universities’ administrations since the latter are autonomous. One respondent believed that corruption is interconnected with the Ministry of Education and had close and direct ties with the top leadership of Shevardnadze regime.

All the respondents parents confirmed that administrators are aware and participate in corruption. According to one parent respondent, the administration does not address corruption because of the low salaries of the lecturers. They justify corruption by financial shortages. Entrance exam preparation and bribes during sessions (mid-terms and finals) serve as additional sources of income and augment the salaries of teacher to reasonable levels.

Many respondent students and parents TSU recognized for widespread corruption. Some student respondents named just five corrupt TSU administrators while others named many. Students believe that the administration is not only aware of corruption, but also frequently and directly participates in it. As corrupt TSU administrators during the survey were named the Rector of Tbilisi State University, Roin Metreveli, and his deputy, Temur Hurodze. It is well known, that these leaders have very bad, corrupt reputation in Georgia. In 2003 students sued Roin Metreveli for misusing his power, when he and the “big council” of the university changed the chart of TSU 2001, allowing the Rector to be elected for six years without any term limitations. The chart actually was changed for Roin Metreveli to prolong his career as the Head of the university. Due to bad reputation Roin Metreveli and his counterparts many International organizations and donors hesitate to collaborate with this university.

During the sociological survey were described many cases when the representative of the administration of TSU was named as the most corruption social group at the university. Were given many examples, when the administration forced professors to give a passing mark to an undeserving students after the students’ efforts to bribe the professor failed.

One of the most distinct problems in higher education is that ignorant pupils, with few academic skills, can be admitted to the most prestigious faculties and, once there, continue to perform badly without any threat of reprimand or expulsion.

Actually at the Public higher educational institutions does not exist the institution of the bad mark. Professors are forced by the administration to put the satisfactory marks even in cases when students are absolutely ignorant. This attitude by the administration is explained by the situation, that administration cannot expel the student from the university, as it will provoke real financial problems, the university will not have enough financial income. Administration actually participate in the process of flourishing of ignorant students, actually administration take care of students’ “successful studying and graduation”, often for the additional illegal payments for students’ further protection.

Among the most corrupt Departments of TSU were named second specialization sectors and Military Department. Any student at state universities of Georgia can easily received second specialty. If the person has the diploma confirming the graduation of the higher educational institution, regardless of the specialization, she/he can easily become a student of any Department/Faculty of any Public university or institute. The person has just to pay tuition, according to the general rates designed for the commercial sector. Usually people applying for the second specialization are already on high rank positions in the official governmental organizations and they need diplomas of lawyers or political sciences. Due to their background for example a biologist or veterinary it is preferable having diploma in social sciences. This person can present the old diploma and easily become a student of any faculty of any university and than not studying hard or not studying at all will receive the diploma.

Another very corrupt segment of the public higher education institutions are Military Departments, which exempt students and graduates from military duty. With the country’s military in a dreadful situation due to lack of financing, parents regard admission to this department as a blessing, but the military professors take advantage of this and widely practice corruption. Professors take bribes during for passing the exams or getting the credits by the end of the semester. This department at TSU has notorious reputation. Actually these two indicated units: second specialization and Military are most and deeply corrupt. Among corrupt faculties at TSU as well are well known Law, International Relations, History, Journalism and other departments.

Reasons for Corruption

Respondents named among the most important reasons and incentives pervasive level of corruption in higher education system economic and social factors. The extremely unfavorable environment, on their point of view, provokes corruption in this sector.

Economic

Top priority was given to the underpayments to the employees. Professors/instructors are poorly paid, which provokes lack incentives for quality teaching. As indicated respondents: “teachers earn GEL 30-40 (USD 17-22) per month while a professor with no administrative responsibilities earns GEL 60 per month.* Meanwhile, commuting to work averages about GEL 25 per month”. The experts justly believe that this situation, and the system in general, are simply offensive. Many respondents state that if a class is well taught, it is due to the professionalism and initiative of the professor and not because the system provides incentives for quality teaching.

Education system is not market oriented. Oftentimes, young people at first buy their University slot, and then buy their job position after graduation. This is another source of corruption, since in this case the higher education system doesn't have to provide a student with the skills sufficient for the demands of the labor market. Many graduates are ill prepared for the job market, as their education has no practical applicability to the current needs of the market. Students only care about getting a diploma which is necessary for achieving a prestigious position. They then go on to accept bribes partially in order to ‘pay-off’ the cost (bribes) they themselves paid for their “education”. As education system is not market-oriented, professors know they are not teaching for today's market and this affects the quality of their teaching. Because of this great disincentive, they often don't teach, but instead elect to simply take bribes. This situation fuels the widespread corruption in the education sector.

Professors/instructors and students alike initiate bribes. Those students who do not want to work hard are quite supportive of the corrupt system. According to the respondents, the current state of corruption is “profitable for all”: Lecturers; representatives of the administration who receive real dividends from the corrupt system; and, the students, who can do no work and still easily obtain a diploma. So, an abnormal situation has been created where the value placed on education and professionalism has been diminished, while the value of a diploma is artificially valued. This vicious cycle continues with little initiative either for teaching or learning. The low level of education fuels corruption and conversely, corruption defines the low level of the education. “Only 5-10% of students after graduating from institution of higher education are regarded as competent specialists. The remainder is perceived to be ignorant, with unclear futures,” stated one of the respondents. This estimate is well known in Georgia, as any progressively thinking professor, who teaches at the higher education institutions can confirm it according to the percentage of well prepared

* The rate of the salary in the public higher education institutions depends on the states of the professor/instructor. The average rate of salaries professors/instructors in the Georgia consists GEL 48-86. Only TSU as the first university of Caucasus and Georgia, mother university of all other universities, has the special benefit from the government (since Shevardnadze regime) 50% increased salaries and the average rate consists GEL 72-120. At TSU professors/instructors have even more additional payments, which consists off GEL 156-208 at the commercial sector (public higher education institutions have public and commercial sectors). This additional payment is given to the professor, who has the full time job with annually 350 hours of teaching at the public sector and plus full hours at the commercial sector. All an all-ordinary professor, who is not the Head of the Department or Faculty, has about GEL 276 per month. So per month the salaries of professor is about USD 162. Still very low compensation for many hours of teaching.

students in the classes. Usually about 80% of students have no background to become a student. Using the system of corruption the overwhelmed majority of the students have no incentives to improve their knowledge and as a result they becoming under qualified specialist.

Social

Professors/instructors often use corruption to try to improve their social status. Those who accept bribes increase their chances of a successful academic career. “Middle-men” who arrange the collusion between students and corrupt professors used to be low paid and under-qualified lecturers. In this corrupt system even an “honest person can get a position, but later this person is not able to resist the administration’s pressure to engage in corrupt practices,” stated one of the respondents. Usually this kind “honest” people are nominated to the positions, as are regarded not harmful and passive leaders not able to fight the system.

Students believe that older professors, with an average age of 65, employ antiquated teaching methods. These “Red Professors” whose lectures are infused with Marxist dogma prevalent during Socialist times, are viewed as dominant bastion, protecting the corrupt system within the universities. They can not compete with the new generation scholars and present the main social group along with the administration, which supports existing corrupt system inside the higher education institutions.

At the majority higher educational institutions there are no incentives to introduce western experiences or to hire people educated abroad because they are seen potential competitors and will be the fighters against corruption. Most likely, the bureaucrats are afraid just how obviously incompetent they would appear in comparison to such people, would be opposed by them and heavily criticized for corruption. That is why this type, young, very well educated and gifted professors/instructors are not preferable for the universities administrations. A special program should be developed for the aged professors, which give strong financial incentives to give up their positions at the universities and be retired. In this case substitute of the aged professors with the young generation professionals will be fast and painless.

Forms of Corruption

The scale of corruption inside higher education institutions might be conditionally divided into two forms: grand and petty. Grand corruption is based on two main forms:

- a) mismanagement of students and personnel;
- b) mismanagement of infrastructure, equipments, and finances.

Petty corruption is spread especially on the level of the teaching process.

Grand Corruption

Mistreatment of Applicants, Future Students

Respondents emphasized two main directions, two level of mistreatment of applicants, future students: a) During the preparation process for applying to higher institutions; and b) During the entrance exams itself.

Preparation Students for Entrance Exams

Preparation for entrance exams is one of the most profitable businesses in Georgia, which has become a basic source of corruption. This corruption involves the conflict of interest that arises when those who administer the exams also tutor students for a fee to prepare them for this exam. Parents are very interested in ensuring that their children have direct links to those professors who can prepare them and provide support, not only during the entrance exams, but also in the following years at university. Usually parents hire as the tutors of their children the Heads of departments or their deputies for preparation to the entrance exams. Parents' orientation on the Heads of the departments is explained simply. These officials of the departments are the members of the admissions committees and they themselves, directly exam the applicants, students during the entrance exams. These officials, as was already indicated, loyal to the university top leadership, are not regarded as the best tutors. Usually they are even the worst one, but they have real power during the entrance exams and it explains parents' orientation on them. Mainly parents are preoccupied by the guarantees their children to become a student than by the quality of knowledge, which they she/he gets from the tutor.

One can become a student without preparation, but in this case the bribes are much higher. Meanwhile, these professors, members of the entrance exams commissions neglect other talented students because they are less privileged and cannot afford to pay for these "direct links". This is why preparation for entrance exams is regarded as one of the most lucrative aspects of a professor's activity. According to respondents, the cost for entrance exam preparation is non-negotiable and well known. Professors charge from USD 600 and above, depending on seniority. If the professor falls high in the administration's hierarchy, they can charge from USD 800-1500 per year per student. For example, at the State Technical University, preparation for the chemistry exam costs USD 600-700. Not surprisingly, the dean of the faculty is able to charge the highest rate, as he is always on the admissions committee. He usually has 10-15 students in one group and not only helps them to pass the entrance exams, but also continues to help them earn good marks during the students' time at the institution. This is absolutely corrupt system as the students spending the whole year of preparation with the tutor does not receive the necessary knowledge to become a student. Very often he/she remains ignorant, lessons have the formal character and student becoming the member of university community without necessary background and proper preparation. Students from these wealthy families due to the direct contacts and payment to the universities' administrations guaranterily becoming the students, mainly of the public universities' public sectors. But, those excellent students from the poor families use to apply to the public universities commercial sector and should annually pay tuitions, which are much lower than in the good private institution. So, public institutions' administrations know how effectively to compete with public competitors.

With an average of three to four entrance exams, the "preparation" can cost a family up to USD 2100. With nearly 30,000 students entering higher education institutions each year, this is a business worth nearly USD 65 million annually. However, this data is very preliminary. Special research into the scale of the black market and possible cash money flows in higher education needs to be undertaken because these issues have strategic importance. If this substantial black market money were legal and taxed, the educational system would receive substantially more financial support from the national budget than it currently does. If this were to happen, pupils would be much better prepared for higher education, and with successful higher education reform, corruption could be eliminated. Actually this money are supposed to be given to the high schools, which are supposed to prepare students well and they should not need the additional preparation.

Entrance Exams

According to the parent respondents, the system of corruption works in the following manner: parents and their student choose the university and the faculty the student wishes to attend, then they find the “right” person to bribe, leaving the parents confident that their student will be admitted. One-parent respondent states that the money collected during the entrance exams is done collectively, not individually.

The system of corruption is often discussed by public in Georgia and the way of its functioning is well known. At the prestigious faculties no one can become a student if the person is not in the list of the top leadership of the universities. It is not enough to pay money for “preparation” to the tutor - the Head of the department. The top leadership of the universities administrations takes bribes and only in this case admitting to the university is totally guaranteed. Usually money not goes directly to the top leadership. This function has the middleman, who probably has the percentage from the deal. But the leadership of the department where the student apply is aware that that exact student should be admitted without any doubts. That is why the level of preparation of the student loses its sense. Even the most ignorant person can easily become students if they pay to the top leadership of the universities. So, one can trace the distribution of incomes. Departments’ leadership makes money in the process of the “preparation” of the students, while the top leadership of the universities and institutes gets its part of the family money through taking directly bribes just for permitting the young fellows to become students, regardless of their merits and background. Actually it is well organized crime on the level of universities, where corruption is the main instrument of making money.

On the other hand, one should be extremely well prepared to take entrance exams if do not pay bribes or do not have personal high-ranking connections. As one respondent recalls, a student fell one grade below the admission requirements for TSU, so the student paid USD 2000 to a personnel connection and was admitted.

According to the respondents, bribes cost on average USD 8,000-9,000 to be admitted to the journalism faculty at TSU. At the law faculty at TSU it cost, until recently, USD 20,000- 30,000 for entrance exam preparation but that rate has now fallen to USD 10,000-15,000 due to competition from the new State Technical University. In the commercial sector of the same university, the tuition costs USD 5,000 although there is no difference between the commercial and public sides. In fact, students of both sectors attend the same classes and have the exact same diplomas. But the “elite” of the country to study in the public sector regards it as very prestigious. Although the public side of the university is free, average bribes are about USD 5500. In some cases, parents of a well-prepared and clever student might not take the chance of them not passing the entrance exams. In these cases, at the entrance to the exams, there are two lists, one of those who illegally paid and another for those who did not. Those who have illegally paid are sent to a separate room where they have already written down the answers and they just have to rewrite them. In these rooms there are no supervisors or proctors. Another parent-respondent stated that they were advised not to try to gain admission to the faculty of their choice because all the admission vacancies had already been ‘sold.’ There is a well-known saying in Georgia that during entrance exams, the “budgets of the families compete, not the students”.

If we assume that each third family (a conservative ratio) pays bribes averaging \$5 000 dollars for 10,000 students amount, than it means that annually in Georgia \$50 millions of money are expended as bribes. In total, the amount of money spent on bribes to enter the higher education system, about \$50 million, and the money paid for the preparation of the student, about \$ 65 million with nearly 30,000 students entering annually, is as a minimum about \$ 115 million, very solid shadow business and economy in Georgia. Taken

together, the bribe money spent on entrance exams, and money expended on private “preparation” is substantially more than the government’s annual expenditures on education, which in 2004 reached its peak 75 million laries, about \$ 35 millions.

Economic research into the illegal money generated in this sector is critical. It is possible that if a proper administration system were established to manage a legal fee scheme, it would be enough to eradicate the extreme poverty faced by this sector. For this to happen, however, administrators must have a sense of honesty and work to address this problem.

The top leadership of the universities totally controls the corrupt system during the entrance exams. Probably the smallest amount of money is given to the “operators” during the exams, and the vast majority, about 90% of the income possibly is distributed among few people, especially among Rector and his two-three Vice-Rectors and some lower administrators. In this pie the biggest portion belongs to the Rector, who is regarded as the main “architect” of the corrupt system and its well organized crime pyramid.

Preparation for the entrance exams and the entrance exams itself are lucrative businesses, weighing about USD 115 millions, is totally under the control of “Academic Barons”. Higher education institutions of Georgia for decades presented most explosive and therefore untouched zone in the society. The leaders of higher institutions, indulged in the heavy corruption with all the features of organized crime, present solid hidden political power inside the society and have most destructive character, subversive power for the fundamentals of the society.

Mismanagement of the Personnel

The problem of hiring and promotion of gifted young professionals is one of the brining issues of the higher education system, which is mainly oriented on the old, aged professors, who, as we already mentioned, are the bastion for the universities administrations in preserving power of both this social groups, administration and the aged professors. Nepotism, and a closed system of staff constructed on the bases of loyalty to the top leadership of the universities creates preferable climate for the closed, tightly interconnected “intellectual” strata, oriented exclusively on satisfaction of its selfish interests of enriching itself and especially the top leadership. This closed system generates the climate, which ideally sustains and develops corruption, as the only the most influential insiders, top leaders control the system. The rest of the personnel plays the role of subordinates. For this closed and “self-sufficient” system is extremely dangerous the new social groups with new mentality oriented on the progress, academic freedom and sound competition, free from corruption. This alternative group of highly qualified professionals oriented on the integration to the best democratic values can challenge the power of corrupt bureaucrats and replace them from their positions with all “negative” for the criminals consequences, prosecution and trails. After the “Rose Revolution” this processes, substituting “red professors” by youngsters, oriented on the integration into the Western community hopefully will be preceded. Actually this process is inevitability.

Mismanagement of Buildings, Equipments, and Finances

Corruption in the process of management of infrastructure, buildings, equipments and finances became the form of corruption and a resource for embezzlement of funds. The administration having actually no real control from the side of public and the state auditing organizations, only nominal, is able to expand money on “repairing” buildings and equipments, but in reality just to misused funds for the personal profits.

The best evidences of the existing situation are buildings of the higher institutions. Its buildings and libraries are in unacceptable condition, very poorly financed, actually not financed at all. Classrooms and corridors are in horrible shape. The most sordid conditions appear in the restrooms. The classroom equipment and the furniture are hopelessly obsolete. In fact, all the leading higher educational institutions, including the largest recipients of state money (TSU, Technical University and others), have drastic shortages of computers and telecommunication systems.

The best evidence that the leading higher education institutions misuse money are the photos presented in the appendix of this report. (See Appendix 5). These photos demonstrate well how obsolete are buildings and its equipments are, although universities permanently “repair” class rooms and equipments. It is the easiest form to embezzle the funds, wrongly estimating the costs of the repaired spaces. Another easiest way to mismanage are finances, which are as well widely practiced by the universities as we already described in the previous chapters. These issues are less discussed in the society; they are hidden beyond the dialing problems of the population.

In the meantime the number of professors, teachers representing TSU administration believed that this university had significant achievements, which were reflected in the annual reports of this organization.³⁵

Petty Corruption

Bribes During Midterms and Finals

Petty corruption is mainly manifested during the teaching process, especially during the midterms and finals. The lecturers take money from the students in return for receiving good grades on the midterm and final exams. For example, a student who cannot or does not want to study during the semester can simply pay a GEL 50-100 (USD 23-47) bribe to ensure a good grade from the mediator. In the Military Department, bribes range from GEL 5–35. Usually, bribes are paid in GEL, but at the State Technical University, one can pay bribes with food. One student remarked, “if you can not study or study badly, you pay and it means that you will have the necessary marks”. Another respondent said: “it is difficult to even speak about the preparation of good specialists at the universities and institutes”.

Problem of bribes at the higher educational institutions for getting marks is well known problem. It is widely discussed not only by the respondents of this survey, but as well inside the Georgian society. There is no problem inside the higher education system of Georgia, which cannot be solved by the money. If the honest professor will resist the bribe, middle level or, in case of problems, the top leadership of the universities easily would solve any problem through the intimidation and direct influence on the professor. This situation inside the higher educational institutions is confirmed almost by all the progressive professors, teaching there.

Respondents, predominantly students and the parents provided the rates of bribes to pass mid-term and final exams. At the Law Faculty of Tbilisi State University, bribes range from USD 50-150. This does not mean however that students who work hard will not be able to pass the exams, but professors can give them a grade lower than they deserve or give equivalent grades to both the “bribed,” and “non-bribed” students. Student-respondents believe that the quality of teaching in their universities is low. In the meantime,

³⁵ Report on Research Activities at Tbilisi State University in 2000, Ivane Javakhishvili Tbilisi State University, Tbilisi; 2002; Ibid., 2003.

they state that those students who are competent and genuinely interested in their studies are respected. The problem is that students, who pay bribes because they do not study, for whatever reason, are getting the same grades as those who earnestly study. Some student respondents justified bribery for certain subjects that were not important, and paid bribes with chocolate and Cognac.

Students openly told stories about corruption at their universities, adding that it has a systematic character and that younger students learn how to navigate the corrupt system through the older students. For example, one student in her 5th year stated how she was one of 25 students (of 28 total) who paid GEL 50 for a passing grade just a few hours before an exam. In another case, a lecturer did not give grades to fifteen students, meaning that the Department would lose money, as these students were from the commercial sector and they paid money for their education. In case of not passing exam, these students should be fired from the university and the university would lose the real income from these students. Firing those students who study at the public sector and constantly pay bribes are regarded by the administration as the geese that laid golden eggs, so the administration would never agree these students to be fired and it can use even psychological intimidation of the professors.

If lecturers do not accept bribes, then students seek out people who know the professor well and can help the student as a middleman to buy or get the grade. Unfortunately, in Georgia this is often the way to get a good grade.

Selling the Books

The easiest way for professors to make money is to sell books, for a price greater than the cost of the book, to a classes where they teach students. One student recalled, “the book’s price was GEL 10, but its copy cost only GEL 3. Although many students live in very difficult financial situations, the professor warned that if copies were made, our grades would be lowered by one mark. The professor made notes on who bought the book and who did not”. The practice of selling books to supplement professors’ salaries especially considering that libraries are poorly equipped and books are scarce, is regarded as the corruption. Libraries have predominantly books published before 1992. The Soviet Union existed the centralized system of distribution new publications all over the country’s libraries, but with the downfall of the Soviet Union this system was as well dismantled. (Issues of copyrights is other point, which should be studied carefully.)

Often, the professors ask the students at the end of the semester to donate the books back to the Department. The professors then sell these books to the following year’s students. One professor invented an ingenious system to extort money while never taking bribes from the students. Rather, he rented the written text of his course to students for GEL 1 per two days. By the end of the semester he had extorted GEL 200-250. One student complained to the head of the department and as a result, the professor lent the course material free of charge to that particular student for five days.

Students describe other ways of extorting money. In another incident, a lecturer made the students sign their books so the students would not be able to share with one another. The cost of the book is usually GEL 10-20.

Only a very small number of parent-respondents indicated that their children have never witnessed or been the victims of corruption because they were academically sound students (generally females) who had no contact with the Military Department.

Some parent-respondents stated their children had been admitted to the Law Faculty at TSU based on academic merit and had not paid a single bribe. “Based on academic merit,” means they are excellent students. These parents also stated that corruption had no influence on the students’ choice of profession.

Actually, there are some departments at the higher education institutions where corruption is minimal or even does not exist. These are faculties which are less demanded by the society as: mathematics, physics, chemistry, philosophy, sociology others. But the faculties like law, International Relation, history, economy others demandable for the leadership of the state are regarded as very prestigious. So, to become a student of these faculties without corruption might be possible for 2-3% of the students, but the students should be outstanding, even in this case they are not guaranteed that they will be admitted.

Participation in the International Programs

Student-respondents named universities’ study abroad programs as corrupt. High level of corruption and the low level of education in the higher education institutions devaluated Georgian Diplomas. Since the Soviet times widespread corruption in higher educational institutions naturally brought about the neglecting Georgian diplomas worldwide. During the Soviet Union the foreign Western countries recognized only the diplomas of Moscow State University and the Bauman Institute. Today, when the Europe for increasing the academic mobility creates the united space and recognizes the diplomas of the European Council’s countries, it is becoming crucial for Georgia to standardize its educational institutions in accordance to the European. But for reaching this goal, Georgia should liberate its universities from corruption.

The devaluation of Georgian diplomas has influenced the desire to earn foreign diplomas, or at least certificates. The high demand on foreign diplomas, or at list certificates, has provoked corruption in international organizations responsible for selecting Georgians to study abroad. Some respondents stated that if Georgians are conducting the selection interviews, then there is corruption. On the other hand, if conducted by foreigners, the students believe the process to be fairer.

Universities as well participate in the international programs, but information about the opportunity to participate in it has only to the limited amount of students, only those, who is in close relations with the administration. Those students who are especially loyal toward the administration use to participate in these programs. For higher education institutions’ administrations it is an additional source of corruption, making the separate groups of the students very loyal to them. These students are widely used against the progressively thinking students, who periodically express their aggression toward the administration, especially at TSU, and its Rector, Roin Metreveli.

The Institution of Middlemen

An instrument providing smooth development of corruption is the institution of middlemen, who arrange all kind deals among the sides: students and professors/instructors.

According to the respondents, primarily parent-respondents, these middlemen are well known. Middlemen usually are university employees, who know well both sides, professors and the students. These are professors/instructors who are close to the administration, its top leadership. In the meantime these are very mediocre scholars predominantly oriented on improvement their financial position regardless of the methods and values. Usually these are people with notorious reputation among professors, but it is the most reliable layer for the administration and consequently they are regarded in the universities as very

“useful” guys. Often they are representatives of the administration, its middle echelons. Usually they are regarded as “friends” of the top leadership of the university, but in reality they have just function of mediators. The casts inside the administration are quite strictly divided having hierarchal construction. This construction is based more on the common profits and business, rather than on friendship.

Middlemen are the people to whom parents turn to carry out the logistical aspects of ensuring admission and getting passing grades. According to the students, ties between student and professor are established through the mediator. It is a widespread practice because students do not want to take a risk, and professors worry about their reputation. Often, the middleman is the same person who earlier helped the student gain admission. The same person helps the student to pass midterms or finals. Sometimes, during midterms or finals the parents get in touch directly with the professor. More common, however, is an arrangement on behalf of both parties through a lecturer or other colleague of the professor. Without such middlemen, students trying to directly give money to professors at an exam will usually fail. Mediators generally charge GEL 30-40 on top of the final negotiated price.

If the student has no knowledge of a subject, which he/she is intended to pass, an excellent grade costs USD 50.* In some instances, if such a grade plays a decisive role, then the cost is much higher. Without paying bribes, a student must be extremely well prepared in order to receive excellent grades. Otherwise, one cannot compete with the students paying bribes.

During the interviews, students gave numerous examples of corrupt ways to pass exams. In one appalling case, after a student received a bad grade on an exam, he immediately called someone by mobile phone and passed the phone to the professor. The professor immediately changed the grade to passing. In another case, a student who was abroad but registered at the university received a diploma without ever attending a single class. It is absolutely unacceptable for the state universities, where attendance of the classes is “strictly” controlled. Professor/instructor should at each lecture check up the presence of the students and register their absence. Students should systematically attend classes according to the universities charters.

International Institutions of Higher Education

The students expressed the opinion that corruption in international universities and institutions (funded or supported by international donors) are much lower than at public institutions or there was no corruption at all. The example of Black Sea University, which is financed by the Black Sea countries, predominantly by the Turkey, was noted. The wife of the Rector twice failed the entrance exam to this university.

Among the leaders in the system of international higher education institutions with very good reputation were named European School of Management in Tbilisi (ESM-Tbilisi), Georgian Institute of Public Affairs (GIPA), Caucasus Business School (CBS), and several others. Private Georgian business and international community as well support these institutions. GIPA and CBS are supported by the US.

At these higher education institutions, specially selected professors with good background teach special programs. The rates of the salaries are about 30 times higher, than in the public or other commercial institutions. Tuitions as well are higher than in public one. These institutions have financial and intellectual support from the donors, but in the meantime the system of management is incomparably better, than in the

* Prices range depends on the department and the higher education institution.

public or other commercial institutions of Georgia. The system management in these leading institutions is adequate to the standards of the Western higher education institutions. Despite the high tuitions at the international or private institutions, sometimes the cost of attending “free” public schools exceeds the cost of the private ones. The expert respondents indicated that corruption in international higher education organizations is flourishing, but in a different way. Very often, the experts suspect, the tuition at these entities goes into private pockets and is not reinvested into the institutions.

System of Private Institutions

There are about 154 private institutions in Georgia, where 31,500 students, it consists 25% of all students of Georgia, as it was mentioned earlier, study in the private institutions. Actually overwhelming majority of these private institutions are regarded as even more corrupt than the public institutions. These institutions often are created just to make money and giving the symbolic education. Usually professors there are less qualified, or even if qualified, there are not all the necessary conditions of studying, building, class rooms, libraries and so on. In the country, where does not exist the system of accreditation of higher education institutions (it exists only on the level of the law, but not in practice), it means that the quality of its institutions is just symbolic and any kind of corruption and embezzlement of people’s money is accustomed. There is no as well the system of control of the quality of their degrees. It creates benevolent environment for flourishing mismanagement and misuse of the power.

The government constantly supported public universities morally and financially (systematically forgiving its debts of electricity and other payments to the National budget, liberating from the military service of mail students). Government made it very prestigious to study in the public universities, than in private institutions. Actually more prestigious is to study at the International institutes. Actually the public universities dominate on the marketplace of the education sector of Georgia. They expands its influence permanently, shrinking the niche of the private higher educational institutions.

Fight Against Corruption

It is amazing phenomenon that people, ordinary professors/instructors actually live in desperate economic conditions, corruption is flourishing in the system being “institutionalized”, but there is no protests, strikes, boycotts in the sector of higher education. There were some protests from the schoolteachers in Tbilisi and regions of Georgia, but never protested professors/instructors of the higher education system. More amazing is that the honest professors, who are majority and the victim of the system, do not fight against corruption.

Most of the parent-respondents believe that the fight against corruption at universities is non-existent. Some professors and lecturers are very honest, but they do nothing to change the situation. Until President Shevardnadze was in power, state some respondents, nothing could be changed and the country was not able to undertake radical reforms. Actually the “Rose revolution” demonstrated the national upheaval against corruption. The revolution unified everyone, especially progressively thinking students, professors, instructors, overwhelming majority of the population, its leading force - grass roots. But, it happened only when appeared the natural powerful leader, Michael Saakashvili challenged the power of President Shevardnadze in November 2003.

One parent-respondent notes that the fight against corruption in their student’s faculty did not exist because there is no corruption at all. Another respondent added that students were afraid to tackle corruption

because they were sure that they would lose the struggle. Only students' unions are regarded as actively addressing the issue of corruption, but even these are perceived by some respondents as consisting of conformists.

Some students believe that the fight against corruption at TSU is just a formality. There is no real struggle against corruption in the higher education sector. The respondents noted that the TSU administration's "fight against corruption" really reflects the lack of a true fight against corruption. Students believe the administration uses the initiative to hide the deficiencies in the system while widely supporting corruption.

Many honest professors at TSU traditionally were very pessimistic of its future. In the new environment hopes deals with the possible new leadership and its new management. One respondent recalled that the Rector of the Pedagogical Institute tried to portray an honest image by firing some corrupt professors, but it did not liberated the organization from corruption. In fact, corruption is still pervasive. The problem with some Rectors was that they were unable to fire corrupt Deputy Rector, or the Head of the Department, who really mismanaged universities, as they had strong support from high rank officials from the Government or Parliament of Georgia.

Even after the "Rose revolution", the situation in the higher education sector did not change. It remains the unreformed in nature. This resistance to change is due to the power of the Rectors. When students activists of radical movement "Kmara (Enough)" demanded that Roin Metreveli be fired from his position as Rector of TSU, there arose a counter-demonstration of students. This latter group sided with Metreveli and confronted the progressive students. The confrontation became quite dangerous and it was decided not aggravate the situation. As a result, the corrupt administration remained in their positions.

Some student organizations have become famous for fighting corruption. But some respondents have doubts about their honesty as, "they are financed by certain political parties". According to the students respondents, the movement of students is split on the bases of party orientation. Many of the students involved with these student organizations have received grants and the opportunity to study abroad. In turn, they have become alienated from the rest of the students and eventually split from the student organization. Some respondents state there is no unanimity among the students about solutions to corruption because many students benefit from the corrupt practices in these institutions.

Almost each higher institute/university has its students union subsidized by the universities' administrations. Simultaneously there are students' associations, which are oriented on the Nationalist Movement. Labor Party of Georgia finances some youth organizations, but importance of these youth organizations is actually insignificant. There are as well students' union trying to be independent, but these unions are not very powerful. Famous students' movement "Kmara" in the society was associated with the Nationalist Party. "Kmara" helped much before and during "Rose Revolution", but time proves that this movement is quite independent. "Kmara" periodically shows its independence sharply criticizing President Saakashvili's Administration, its some tactical mistakes, as un human treatment of people, demonstrated against local governments, some decisions in Ajara region after its ex dictator Aslan Abashidze's resignation

For this dire situation in the education sector to change, many respondents believe the State need not only declare its commitment to education, but it must make education reform a top priority. "Reform in all other fields can not succeed unless it can be managed successfully in the education sector". Some of the expert respondents stated, that international assistance programs or State Programs for overcoming poverty, do not include reform in the higher education sector, which adds to the reasons why these reform efforts have proved fruitless.

The experts feel to eradicate pervasive corruption from the higher educational system will require a great deal of effort from a large number of individuals who are very serious and highly committed to implementing in-depth and systemic, institution-wide reforms.

After the “Rose revolution” experts from the Ministry of Education propose on the level of discussions the following essential steps to reform the higher education system:

- Nullify entrance exams. After high school graduation, a general national exam should be held where students are admitted to institutions based on performance;
- Introduce a general exam of shorter, institution-specific sub-tests in addition to the national exam. These and other recommendations would be present in the new draft law and discussed in the Parliament of Georgia. But there is a risk of these sub-tests becoming a new source for corruption, so it is crucial that this recommendation is thought through in order to be workable and successful; and
- Provide free admission (full-tuition scholarships) to the most talented students.

These and other suggestions of the experts are widely discussed inside the Georgian community. It is planned in 2005 to introduce a general national exam after the high school graduation, where students would be admitted to institutions based on performance.

Some experts believe that eliminating or diminishing corruption in the higher educational system is much easier to do than in the country in general. The facilitating factors are the autonomy of the universities and the development of self - government. Other experts believe that without fighting corruption at the national level, it is simply unrealistic to fight corruption solely at the education level. From their point of view, laws and credits cannot improve the situation because in Georgia, the law is ignored and financial aid misused. These experts conclude the only viable instrument to overcome corruption is personnel honesty, especially that of political leaders.

Overall, estimates of corruption’s pervasiveness in the higher education system, and in society at large, are quite pessimistic. All three groups of respondents recognized corruption as overwhelmingly prevalent and expressed the need to reform the system.

International Scale

Corruption is a phenomenon that pervades all nations regardless of the level of development. Corruption in higher education exists in developed as well as under-developed countries.³⁶ In Kenya, detectives arrested 21 people at the Ministry of Education headquarters for allegedly participating in a scam to sell counterfeit diplomas. Japan, with the world's second largest economy, had a senior vice minister resign after publicly admitting that he had used his political influence to help a supporter's grandson get admitted to Tokyo University's medical school. In Britain, a journalist with The Sunday Times who posed as a wealthy banker interested in getting his child admitted to one of the more poorly endowed colleges of the University of Oxford reportedly was told that a donation of USD 480,000 could do the trick. In the United States, colleges are engaged in what many academics think of as a losing battle to prevent students from buying term papers and admissions essays online.³⁷ In the USA large-scale donors also get preferential admission for their children.

But, there are obvious differences between corruption in advanced versus less advanced societies. In less advanced societies, corruption has a systematic and overwhelming character, while in advanced ones it occurs less frequently and has a minimal negative influence on society. In both systems, the existence of corruption in any form negatively influences society in general and especially everyday life. In countries with advanced law enforcement systems, corruption is sophisticated, while countries with unsophisticated law enforcement systems suffer from crude, rampant corruption.

³⁶ Chronicle of Higher Education, 8/2/2002, Vol. 48 Issue 47, (A32, 1).

³⁷ Ibid.

Conclusions

Corruption in the higher education sector is based primarily on the following problems:

- 1) The fiscal policy of the government and the administration of higher educational institutions leave professionals in economic poverty, which provokes moral, ethical and financial distress for teachers and professors;
- 2) An over centralized system of management based on the employment of loyal employees is well established at the governmental level of Georgia and in higher educational institutions, supported by the legislation. This is the result of cultural and historical traditions connected with the principles of management in imperial Russia and in the Soviet Union. This over centralized system of government is the most urgent problem for Georgia in government as well as in the higher educational system;
- 3) The heads and their deputies of the majority of the top universities come out of the most corrupt elements of the old Soviet system, and function accordingly. There is no open competition and regulation of the top administration, no effective trustees board inside of these institutions;
- 4) There is no financial transparency in the budget process of universities or the allocation of resources;
- 5) There has been no effective oversight by the Chamber of Control or other bodies that might investigate the institutionalized corruption. There are no effective control mechanisms;
- 6) Journalist reports of abuse in the educational system have triggered no serious investigations by governmental bodies. Therefore, there is no accountability of top leaders in educational institutions and a sense of immunity; and
- 7) The psychological tradition where individuals disregard the law and moral values, allowing them or group's well being to prevail at the expend of majority. This tradition establishes the priority of the institution of nepotism and spoil system on the expanse of the professionalism and the system of merits.

The combination of these issues in the higher education system has created extremely taxing conditions, propagated an intolerably low quality of teaching and spread corruption in all key structures;

- The central problem in higher education, as well as in other sectors of economy of Georgia, is improper and inefficient management, combined with the absence of active social groups that could oversee the management of incomes and expenditures. The Ministry of Education, which is responsible for education policy and reform, was itself corrupt;
- Actually the vast majority of higher education institutions present the system of organized crime, where corruption is the main instrument of making money;
- Higher education institutions of Georgia for decades presented most explosive and therefore untouched zone in the society. The leaders of higher institutions, indulged in the heavy corruption with all the features of organized crime, present solid hidden political power inside the society and have most destructive character, subversive power for the fundamentals of the society.

It is our hope that the new leadership of the Ministry of Education will initiate radical changes to improve the current crisis in higher education by promoting reforms in the Ministry itself and implementing advanced

management methods in higher educational institutions, its new leaders and management, its ability to reform the system.

Presently, the higher education system can only be judged negatively. The system is characterized by the following deficiencies:

- Low standards of moral values and norms of conduct;
- Extremely low quality of teaching and learning;
- Poverty among a majority of teachers and professors;
- Lack of technical equipment and facilities (including libraries);
- Insufficient professional skills among trained specialists;
- Disjunction between the higher educational system and labor market;
- High level of unemployment among young professionals;
- Proliferation of corruption in all structural levels of the system;
- Drawbacks in existing legislation on Education; and
- Overwhelmed corruption inside the institutions.

Recommendations for Future Development of the Sector

Recognizing the tremendous problems, which has higher education sector of Georgia, it is necessary dramatically change the whole environment, in which functions this sector. For changing this environment very helpful might be the adoption by the Parliament of Georgia the revolutionary Draft Law on Higher Education prepared by the Ministry of Education and Science of Georgia. Although the draft law requires some improvements, it should be adopted as soon as possible;

The President of Georgia should be excluded from the process of nominating Rectors of higher educational institutions, as is practiced in advanced Western countries. There needs to be a democratic and transparent process of selection and oversight bodies that are not linked to specific political parties with their own agendas;

The Chamber of Control should be reformed. Without really neutral and independent public auditing any progressive reforms inside of the higher education system or any other sector or ministry would fail. For having honest and vibrant public institutions, the society should have honest and vibrant public control; other wise uncontrolled power spoils and depredates people, as it happened with President Shevardnadze and his immoral regime;

It is crucial reformation of the Chamber of Control of Georgia. Having the neutral, independent, free from corruption and very professionally operating Chamber of Control, the main instrument of checking the Executive power in the state, responsible to the Parliament of Georgia. It would make a system of checks and balances more powerful and reliable; it would help in a relatively short period of time to eliminate corruption inside the executive branch. The main focus Chamber of Control should be to improve the quality of reports so they are more analytical and focused on identifying the reasons for violations. The results of the auditing should be discussed in the context of the Criminal and Administrative Codes of Georgia. Results of the auditing should be distributed among interested governmental or non-governmental organizations in anticipation of controlling future violations. The outcomes of the audits should be published on the Internet which to be freely accessible to the public. Today access to its audits outcomes is possible only through the Chamber directly;

The operations of the higher education system, the Ministry and academic institutions should be decentralized. The faculties should be given freedom to introduce and develop their own teaching process and curricula, and they should be authorized to manage their finances to improve the quality of teaching;

A system and culture of open competition in hiring teachers and professors should be introduced in order to overcome the tradition of hiring staff loyal to the administration;

Teachers and professors should be provided with overall financial and social maintenance and protection;

Students' opinions and abilities should be studied regularly to address their needs. In this regard, it would be very helpful to develop a professor rating system based on the opinions of students. The activities of each professor should be evaluated once in two or three years according to this system. The research work carried out by professors should be considered in the rating system as well;

In order to improve the infrastructure and technical equipment of higher educational institutions and upgrade the quality of teaching, a transparent system of spending university funds should be adopted. Furthermore, permanent control of the budget, equipment and infrastructure should be vested in professors and students' associations;

A national association of university teachers and professors should be created. The main purpose of the association would be to provide assistance to specialists in developing similar associations in higher educational institutions that would unite in a national association. The main goal of these associations would be to establish financial control over the administrative bodies of higher educational institutions, rationalize expenditures and adopt transparent procedures;

The associations should participate in the adoption of new moral principles in the system of higher education which will make it possible to initiate an effective fight against corruption, nepotism, plagiarism (by both students or professors) and other violations that are wide spread among higher educational institutions today. The associations should defend the professional and labor interests of corresponding social groups. Also, the associations should establish professional contacts and promote cooperation between students and professors, and with leading higher educational institutions in the world;

The Criminal Code's Chapter XXXIX "Official's Crime" is actually obsolete. It has serious drawbacks as linguistic, as by the content. The very liberal mechanisms of punishment from 4 months to 15 years should become significantly stricter;

The study of the drawbacks in the higher education sector should be continued on national and regional levels. Also, the deficiencies in the management of major higher educational institutions should be examined in order to develop effective ways to eliminate those deficiencies;

Western management and budgetary practices should be widely introduced in Georgia. Islands of integrity such as the leading Western style institutions: GIPA, ESM, CBS and Black University should be studied as possible models for future reform of the educational system of Georgia.

Appendix 1

Characteristics of the Education Sector

Education Level of the Population

The higher education sector has developed rapidly during the last fifty years. According to the State Department for Statistics of Georgia, in 1999, 201 per 1000 of the population had completed higher education. By 2002, the figure had increased to 243, the highest rate in history. In 3 years the rate increased by 17% (about 5% per year). By contrast, in 1959, only 48 per 1000 of the population completed higher education, i.e. the rate increased five times over 44 years.

During the Soviet era, Georgia and the South Caucasus republics traditionally shared the lead for the rate of individuals who had completed higher education.³⁸

The most rapid increases were observed in Georgia in the 1960s, 1970s, and from 1989-2002, when the rates nearly doubled. (See Table 1.) The rapid growth can be explained by the increased industrialization of the republic, which gradually engaged the global industrialization process and developed a stronger focus on education.

Table 1

Education Level of the Population of Georgia

Per 1000 population, 10 years old and over who have complete or incomplete higher and secondary education	1959	1970	1979	1989	1999	2000	2001	2002
Total	448	554	698	798	871	849	944	997
Of which:								
Higher education	48	73	103	137	201	196	247	243
Incomplete higher Education	13	19	19	22	40	39	57	36
Secondary special	55	69	100	169	174	170	189	170
Secondary general	137	210	292	328	330	322	331	32

³⁸ Народное Хозяйство СССР 1990, Статистический Ежегодник, Москва, 1991, стр. 210-211.

(Continued)

	1959	1970	1979	1989	1999	2000	2001	2002
Incomplete secondary	195	183	184	142	125	122	120	390
Basic	-	-	184	142	125	122	120	126

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2000, p.87; Ibid, Tbilisi, 2003, p.96.

The Number of Students and Institutions

During the “transitional” period of the last decade, education, as well as many other sectors, especially business, experienced rapid development. Free market economic principles and entrepreneurship took hold. Educational institutions underwent a boom as the number of students increased. This new demand led to a significant number of new institutes, especially in the commercial sector, offering diplomas to those who could pay the tuition and pass easy entrance exams. Unfortunately, the quality of these institutions was not controlled and students were admitted based not on merit, but on the ability to pay. From 1990-2000, the number of private higher education institutions tripled from 48 to 162. In the 2002-2003 academic year, the quantity decreased by 5% to 154. (See Tables 2 and 3.)

Table 2*

Public Higher Education Institutions and Enrollment by Type of Study (At the Beginning of School Year)

Years	Number of Institutions	Number of students, in thousands.			
		Total	of which:		
			Full-time	Evening	By Correspondence
1990/91	19	103.9	64.9	13.2	25.8
1991/92	19	102.8	61.6	10.9	30.4
1992/93	18	90.9	53.2	8.9	28.9
1993/94	23	91.1	50.7	8.5	31.8
1994/95	23	94.6	55.5	6.2	32.9
1995/96	23	82.2	48.5	3.4	30.3
1996/97	21	86.5	54.7	2.6	29.2
1997/98	23	87.3	58.8	1.7	26.7

* Punctuation of numbers is given according to US standards.

(Continued)

Years	Number of Institutions	Number of students, in thousands.			
		Total	of which:		
			Full-time	Evening	By Correspondence
1998/99	24	90.1	62.2	1.4	26.5
1999/2000	24	95.0	67.5	1.0	26.5
2000/2001	26	105.8	77.1	0.7	28.0
2001/2002	26	115.5	87.9	0.5	27.1
2002/2003	26	122.2	94.1	0.3	27.8

Source: Statistical Yearbook of Georgia, State Department for Statistics of Georgia, Tbilisi, 2000, p.99; Ibid, Tbilisi, 2003, p.108.

Table 3

Non-State Higher Education Institutions and Enrollment by Type of Study
(At the Beginning of School Year)

Year	Number of Institutions	Number of students, by thousands		
		Total	of which:	
			Full-time	By Correspondence
1991/92	48	10.6	10.4	0.2
1992/93	131	33.1	31.0	2.0
1994/95	93	41.3	37.8	3.5
1995/96	109	42.0	38.9	3.1
1996/97	122	42.9	39.5	3.3
1997/98	159	40.2	37.2	3.0
1998/99	154	38.3	37.3	1.0
1999/2000	162	40.1	38.0	2.1
2000/2001	145	33.1	32.0	1.1
2001/2002	153	31.9	31.0	0.9
2002/2003	154	31.5	29.7	1.8

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2000, p.99; Ibid., Tbilisi, 2003, p.109.

All an all in 2002-2003, there were 180 higher education institutions with 153,700 students. Approximately 20% or 31,500 students were enrolled in private institutions, while 80% or 122,200 in public ones. (See Tables 2 and 3.)

From 1999-2000 to 2002-2003, the quantity of public institutions increased by only 8%, while the number of students increased by 28.6% in the same period. This tendency can be explained by the targeted state policy of supporting public higher educational institutions, especially Tbilisi State University, the largest recipient of state funding.

The education sector was traditionally one of the leading state employers. In 1990, 11.2% of the total number of employees worked in education, followed by agriculture (25.2%) and industry (20.3%). By 1996, 10.8% were employed in education while agriculture's share increased to 50.2%. By 2002, the education sector employed 7.1% of the total population, nearly 129,700 employees, preceded by agriculture 53.8%, or 988,400 employees, and the retail/wholesale trade and repair services 11.7%, 215,400 employees. (See Tables 4A and 4B.)

Table 4A

Distribution of Economic Activity by Economic Sector
(Thousands)

	1998	1999	2000	2001	2002
Employed – total	1731.1	1732.6	1839.3	1877.7	1839.2
Of which:					
Agriculture, hunting and forestry	837.7	903.2	957.4	989.9	988.4
Fishing	1.8	1.2	0.8	0.7	0.6
Mining and quarrying	5.9	6.1	6.6	7.3	5.2
Manufacturing	121.2	111.2	109.3	102.4	85.3
Electricity, gas and water supply	23.7	21.0	30.6	29.2	26.6
Construction	25.5	24.9	33.7	35.3	34.1
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	159.0	153.7	183.8	181.5	215.4
Hotels and restaurants	15.8	15.4	15.8	16.0	15.1
Transport, storage and communications	75.7	68.5	75.6	83.1	78.3
Financial intermediation	13.1	10.9	9.5	10.2	7.7

(Continued)

	1998	1999	2000	2001	2002
Real estate, renting and business activities	43.1	40.3	39.6	38.7	20.4
Public administration and defense; compulsory social security	114.5	107.4	111.3	105.6	108.5
Education	144.4	138.5	120.1	138.7	129.7
Health and social work	82.8	77.9	89.8	85.3	63.4
Other community, social and personal service activities	47.8	42.5	47.6	46.5	52.0
Private households with employed persons	15.0	6.9	3.4	4.2	8.2
Extra-territorial organizations and bodies	1.9	1.9	2.0	2.0	0.3
Unidentified	2.2	1.1	2.4	1.3	0.0

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, p. 57.

Table 4B

Distribution of Economic Activity by Economic Sector
(Percent of total)

	1998	1999	2000	2001	2002
Employed – total	100	100	100	100	100
Of which:					
Agriculture, hunting and forestry	48.4	52.1	52.1	52.7	53.8
Fishing	0.1	0.1	0.0	0.0	0.0
Mining and quarrying	0.3	0.4	0.4	0.4	0.3
Manufacturing	7.0	6.4	5.9	5.4	4.6
Electricity, gas and water supply	1.4	1.2	1.7	1.6	1.4
Construction	1.5	1.4	1.8	1.9	1.9

(Continued)

	1998	1999	2000	2001	2002
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	9.2	8.9	10.0	9.7	11.7
Hotels and restaurants	0.9	0.9	0.9	0.8	0.8
Transport, storage and communications	4.4	4.0	4.1	4.4	4.3
Financial intermediation	0.8	0.6	0.5	0.5	0.4
Real estate, renting and business activities	2.5	2.3	2.2	2.1	1.1
Public administration and defense; compulsory social security	6.6	6.2	6.1	5.6	5.9
Education	8.3	8.0	6.5	7.4	7.1
Health and social work	4.8	4.5	4.9	4.5	3.4
Other community, social and personal service activities	2.8	2.5	2.6	2.5	2.8
Private households with employed persons	0.9	0.4	0.2	0.2	0.4
Extra-territorial organizations and bodies	0.1	0.1	0.1	0.1	0.0
Unidentified	0.1	0.1	0.1	0.1	0.0

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, pp.54-57.

The Number of Teachers and Professors

According to data provided by the State Department for Statistics of Georgia, the number of teachers and professors was 11,964 in 2002-2003. Among them are 1,291 Full Professors (Doctors of Science, who have defended a second dissertation after receiving their Ph.D., as required in some European countries and in all post-Soviet countries) and 2,573 Ph.D. In sum, Georgia has 3,864 high ranking academics. (See Table 5.) This is the intellectual elite of Georgia, which is responsible for providing successful academic and moral development of the nation, but which actually is in a desperate financial and spiritual condition.

Table 5

Number of Professors in Higher Education Institutions
(At the Beginning of School Year; Persons)

	Public institutions							Non-state institutions					
	1995/ 96	1997/ 98	1998/ 99	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	1997/ 98	1998/ 99	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003
Number of professors – total	9271	10430	13548	14484	15461	16107	15393	9144	11166	10423	10610	8712	11964
Of which:													
Full-time	9181	8214	9947	9398	10689	11209	10003	2663	2496	3037	2714	2470	5989
Combining work	90	2216	1501	5068	4772	4898	5390	6481	3747	7351	7896	6242	5975
Professors with scientific degrees:													
Doctor of science	3195	4253	6050	5976	6969	7408	6583	3605	4356	4596	3794	4194	3864
	752	847	1519	1580	2039	1942	1655	1016	1249	1232	1372	1532	1291
Candidate of sciences	2443	3406	4531	4396	4930	5466	4928	2589	3107	3364	2422	2662	2573

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2000, pp.103-104; Ibid., Tbilisi, 2003, p.111.

Unemployment Rate

One of the most serious long-term problems of the higher education system is its imbalance in relation to the demands of the labor market. The imbalance produces “specialists” regardless of market demands. The problem is not only an over-supply of specialists, but that these specialists, due to other problems in the system, are mostly unqualified. Some recently established non-governmental education organizations are more oriented to market demands, and their graduates are often highly-qualified professionals compared to those from public institutions.

This imbalance existed during Soviet times. From 1970-1980, the supply of specialists exceeded demand. As a result, the Soviet Union had a permanent, hidden unemployment rate for decades. Institutions specializing in retraining exist, but still work very poorly.

Since the 1990s rapid growth of the agricultural sector, at the expense of modernizing technology or services, has provoked negative trends in the structure of the economy in general and in the structure of unemployment specifically.

The rate of registered unemployment among those with higher education exceeds the rate for those with a primary or basic education. The data provided by the State Department for Statistics of Georgia does show these tendencies. For example, from 1991 to 1997 people with higher education were in a desperate situation. At a peak in 1995, 79% of registered unemployed had higher education, while 1.8%, had an incomplete secondary education and 19% had completed primary school. (See Table 6.)

Table 6

Number of Registered Unemployed by Level of Education
(Yearly Average; Thousand)

	1991	1995	1996	1997	1998	1999	2000	2001	2002 ¹⁾
Unemployed, total	5.5	64.1	49.2	118.2	83.5	100.4	100.6	97.8	21.9
Of which with education:									
Primary or basic	0.1	-	0.1	0.1	-	-	-	-	0.0
Incomplete secondary	0.3	1.2	0.5	14.8	15.3	26.1	26.8	26.1	0.1
Complete primary	1.2	12.2	10.9	47.4	33.4	32.8	44.7	43.5	14.5
Higher	3.9	50.7	37.7	55.9	36.8	33.3	29.1	28.2	7.3

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2000, p. 56; Ibid., 2003, p. 64.

¹⁾ Due to the employment office reorganization a new registration campaign was required, resulting into the data, which were lower than in previous year.

Since 1997, the level of unemployment among the highly educated has begun to fall; 44% in 1998 and 33.3% in 2002. At the same time, however, the unemployment rate among the less educated has begun to rise. In 2002, unemployment among those with complete secondary education reached 66.2%, while for those with incomplete education the rate drastically plummeted to 0.45% . The latter is explained by, among other reasons, the construction commencement of the Baku-Tbilisi-Ceyhan pipeline project and its demand for non-professional labor.

Since 1997, there has been a substantial increase in the number of businesses and international and non-governmental organizations in Georgia. The subsequent demand for qualified specialists has had a positive influence on the labor market.

Unemployment by age shows that since 1991, the 30-49 age group led the unemployed at 48.0%, the 16-29 age group registered 26.0% and those over 50 recorded 21.1% unemployment. (See Table 7.)

Table 7

Number of Registered Unemployed by Age
(Yearly Average; Person)

	1991	1995	1996	1997	1998	1999	2000	2001	2002 ¹⁾
Unemployed, total	5500	64120	49170	118169	85450	92161	100596	97861	21909
Of which at age, years									
16-29	673	4554	1782 ²⁾	18187 ²⁾	31901 ¹⁾	32858	36663	35666	2958 ²⁾
30-49	3895	46157	33840 ³⁾	86854 ³⁾	33826	39093	40206	39113	12203 ³⁾
50 and older	932	13409	13548	13128	19723	20210	23727	23082	6748

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2000, p. 56; Ibid., Tbilisi, 2003, pp. 63-64.

¹⁾ Due to the employment office reorganization a new registration campaign was required, as a result, the indicators are lower than the previous year.

²⁾ 16-24.

³⁾ 25-49.

However, official unemployment data of the State Department for Statistics of Georgia should be used very carefully as it is based on registered unemployment. In Georgia only a very small portion of the population utilizes the government service that records unemployment due to either ignorance or mistrust of government sponsored aid. Usually, the unemployed try to obtain work using personal contacts rather than going through a state-sponsored agency.

State Funding of the Higher Education Sector

The State has been inconsistent about financing the higher education sector. Since 1996, the government has officially and systematically recognized education as a priority in the strategic development of the country; but, in reality, this sector has received little help from the government. Officially, funding has ranged from 3% to 8% of the national budget. 1996 rates represent the lowest appropriation at 3.6% of the national budget or GEL 19.1 million. In 1997, an increase to 6% of the budget, GEL 46,319 million, comprised the largest outlay to date (7.8% of the state budget). In 2002, the state appropriated only 4% to education or GEL 37,022 million. (See Table 8.) Unfortunately, the data provided are not broken down to determine exactly what amounts were spent specifically on higher education.

Table 8

State Budget of Georgia (At Current Prices; Million GEL)

	1997	1998	1999	2000	2001	2002
Total revenues and grants	593.2	621.9	650.2	640.3	740.3	905.6
Total revenues	568.8	591.4	600.8	625.9	692.3	883.0
of which:						
Ttax revenues	352.7	330.1	414.4	437.8	630.5	752.5
Income tax	28.8	39.2	44.9	31.3	18.5	22.5
Profit tax	13.5	20.4	20.2	21.0	7.0	11.2
Value added tax	199.9	184.6	212.7	254.9	314.9	382.3
Excise tax	49.1	27.7	110.7	86.6	79.7	84.4
Customs duty	58.7	58.1	26.0	44.0	38.5	48.7
Other taxes	2.7	-	-	-	0.0	18.3
Capital revenues	13.2	47.0	21.0	-	-	-
Non-tax revenue	101.2	71.6	20.9	31.6	61.1	130.1
Extrabudgetary funds' revenue	101.8	142.7	144.5	156.5	172.5	185.1

(Continued)

	1997	1998	1999	2000	2001	2002
Grants	24.4	30.4	49.3	14.3	48.1	22.6
Total expenditures and net lending	776.8	797.3	904.8	833.9	906.4	1049.4
of which:						
General purpose public service	95.8	65.8	125.1	100.8	172.6	218.0
Defense	67.5	56.5	35.7	28.9	36.2	48.0
Public order	93.3	65.9	75.7	63.8	77.7	80.4
Education	46.3	30.4	29.6	26.9	31.5	37.0
Public health	25.6	26.8	15.7	20.4	33.0	39.9
Social security	190.0	216.1	250.2	280.0	233.2	267.0
Culture, sports	36.1	33.2	25.6	21.2	20.0	24.7
Fuel and energy complex	11.9	3.8	11.5	25.3	9.0	16.9
Agriculture, forestry, fishing and hunting	17.4	22.2	15.5	12.3	14.8	8.9
Transport and communication	38.6	49.3	35.8	31.4	34.2	36.9
Other expenditures	154.4	227.5	284.4	262.6	244.3	264.0
Surplus (+), deficit (-)	-183.6	-175.4	-254.6	-193.6	-166.1	-143.8

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, pp. 268-269.

Nonetheless, the national budget is never fulfilled because of governmental malfeasance, poor tax collection and corruption, resulting in systematic failure of the national budget with expenditures being officially cut by at least 15-20% annually. It becomes clear the desperate financial situation this very important field of human activity is in.

Salaries, Wages, and the Cost of Labor

Salaries in the higher education sector remain some of the lowest in the country. In 2002 for example, the average gross salary was GEL 56.6 (49.8% gross) compared to the national gross average of GEL 113.5. In the Statistical Yearbook of Georgia, there is no data about the average level of salaries in higher education and the State Department for Statistics of Georgia gives just the average level in the education sector as a whole.

Salaries and wages in the sector reached their highest level in 1990 at GEL 156.9 per month. On the other hand, they reached their lowest level in 1995 at only GEL 7 per month. In the years since, salaries have slowly and steadily increased. (See Tables 9A, 9B.)

Table 9A

Gross Average Monthly Wages and Salaries by Type of Economic Activity (GEL)

	1998	1999	2000	2001	2002
Total economy	55.4	67.5	72.3	94.6	113.5
Agriculture, hunting and forestry	15.8	27.5	29.7	33.2	42.2
Mining and quarrying	52.9	52.8	119.3	153.8	192.2
Manufacturing	52.8	54.9	99.3	120.8	143.4
Electricity, gas and water supply	114.2	171.7	187.0	212.1	214.9
Construction	113.1	141.1	147.1	145.9	176.1
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	25.7	37.6	47.0	57.4	72.8
Hotels and restaurants	28.8	24.9	40.4	50.1	51.5
Transport, storage and communications	77.6	83.9	103.4	141.1	171.7
Financial intermediation	119.1	251.3	513.4	428.7	429.6
Real estate, renting and business activities	33.8	55.8	74.3	88.2	92.0
Public administration and defense; compulsory social security	66.0	84.9	88.5	105.9	141.2

(Continued)

	1998	1999	2000	2001	2002
Education	46.4	44.1	45.5	45.5	56.5
Health and social work	25.7	34.9	32.1	45.6	55.6
Other community, social and personal service activities	40.7	54.9	66.9	75.3	82.1

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, p.65.

Table 9B

**Ratio of Gross Average Monthly Wages and Salaries by Type
of Economic Activity to Average Wages and Salaries in Total Economy
(Percent)**

	1998	1999	2000	2001	2002
Total economy	100	100	100	100	100
Agriculture, hunting and forestry	28.5	40.7	41.1	35.1	37.2
Mining and quarrying	95.5	78.2	165.0	162.6	169.3
Manufacturing	95.3	81.3	137.3	127.7	126.3
Electricity, gas and water supply	206.1	254.4	258.6	224.2	189.3
Construction	204.2	209.0	203.5	154.2	155.2
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	46.4	55.7	65.0	60.7	64.1
Hotels and restaurants	52.0	36.9	55.9	53.0	45.4
Transport, storage and communications	140.1	124.3	143.0	149.2	151.3
Financial intermediation	215.0	372.3	710.1	453.2	378.5
Real estate, renting and business activities	61.0	82.7	102.8	93.2	81.1
Public administration and defense; compulsory social security	119.1	125.8	122.4	111.9	124.4
Education	83.8	65.3	62.9	48.1	49.8

(Continued)

	1998	1999	2000	2001	2002
Health and social work	46.4	51.7	44.4	48.2	49.0
Other community, social and personal service activities	73.5	81.3	92.5	79.6	72.3

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, p.66.

Tbilisi State University (TSU) receives the largest portion of government subsidies of any higher education institution in Georgia. The salary levels are higher than the national average because the government subsidizes 50% of the TSU salaries in order to sustain the exclusive status of this first university in Georgia and the Caucasus region.

Poverty Level

The salary and wage crisis can be better understood in an analysis of the country's poverty level. The minimum subsistence level in 2002 was GEL 125.4 per month and the median consumption was GEL 121.6 per month. (See Table 10.) This data clearly show that official salaries in the education sector are nearly half of the official absolute poverty and consumption levels. In fact, the average monthly gross salary in the education sector comprises only 44.4% of the average minimum monthly subsistence level.

Table 10

Absolute and Relative Poverty Levels (GEL)

	Subsistence minimum	Median consumption
1997		
I quarter	106.0	126.3
II quarter	110.4	126.8
III quarter	101.1	100.5
IV quarter	103.6	117.1
1997, average per month	105.3	117.7
1998		
I quarter	103.9	102.6
II quarter	105.5	103.5

(Continued)

1998	Subsistence minimum	Median consumption
III quarter	96.5	95.9
IV quarter	100.5	109.6
1998, average per month	101.6	102.8
1999		
I quarter	117.8	122.7
II quarter	124.3	106.1
III quarter	109.9	104.7
IV quarter	111.3	119.7
1999, average per month	115.8	113.3
2000		
I quarter	117.6	119.1
II quarter	115.1	109.0
III quarter	111.7	102.5
IV quarter	113.8	115.9
2000, average per month	114.6	111.6
2001		
I quarter	115.7	122.4
II quarter	117.3	115.7
III quarter	115.1	103.0
IV quarter	118.5	117.1
2001, average per month	116.6	114.5
2002		
I quarter	126.6	127.1
II quarter	126.5	112.7
III quarter	123.7	113.5
IV quarter	124.6	133.1
2002, average per month	125.4	121.6

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2000, p.80; Ibid., Tbilisi, 2003, p.88.

Consumption of Goods

Any estimation of income in Georgia must take into account the country's considerable black market, the scale of which provides a measure of the consumption of goods. For example, the data show an income and expenditure deficit both at the national and per capita levels. In 2001, the average national monthly income (urban and rural areas, cash and non-cash means–total) was GEL 209,2 million. (See Tables 11.) The average national monthly total expenditures in the same period were GEL 330 million. (See Table 12.) The deficit between incomes and expenditures is GEL 120,8 million, or expenditures exceeded incomes over 57%. This data can be considered as the approximate share of the black market in the Georgian economy.

Table 11

Average Monthly Income in Urban and Rural Areas (Million GEL)

	2001			2002		
	Urban areas	Rural areas	Country – total	Urban areas	Rural areas	Country – total
Income total	96.0	93.0	189.0	112.7	130.1	242.8
Cash income and transfers – total	87.0	55.0	142.0	100.1	63.6	163.7
Contractual employment	44.8	12.5	57.4	50.2	14.2	64.4
Self-employment	18.6	7.8	26.4	23.4	9.4	32.8
Sales of agricultural products	1.6	21.7	23.3	2.0	28.9	30.9
Income from asset holdings (lease of property and interest income)	1.4	0.3	1.7	0.8	0.3	1.1
Pension, stipends, family allowances, benefits	7.1	6.3	13.4	5.8	2.8	8.6
Remittances from abroad	6.1	3.2	9.3	7.9	3.6	11.5
Remittances from relatives	7.3	3.2	10.5	8.9	4.0	12.9
In-kind income	9.0	38.0	47.0	12.6	66.5	79.1
Other cash total	10.9	9.3	20.2	30.5	19.2	49.7
Sale of assets	4.1	3.5	7.6	9.8	1.7	11.5

(Continued)

	2001			2002		
	Urban areas	Rural areas	Country – total	Urban areas	Rural areas	Country – total
Debt or use of savings	6.8	5.8	12.6	20.7	17.4	38.1
Cash – total	97.9	64.3	162.2	130.6	82.8	213.4
Cash and non-cash means – total	106.9	102.3	209.2	143.2	149.3	292.5

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, pp. 75 - 76.

Table 12

Average Monthly Expenditure in Urban and Rural Areas
(Million GEL)

	2001			2002		
	Urban areas	Rural areas	Country – total	Urban areas	Rural areas	Country – total
Total consumption expenditure	154.8	145.6	300.4	160.8	150.1	310.9
Total cash expenditure on consumption	140.4	79.3	219.6	148.2	83.6	231.9
Food item, alcohol, tobacco	74.1	42.0	116.1	76.2	44.7	120.9
Clothing and footwear	7.8	5.5	13.2	7.8	5.5	13.3
Household items	16.8	11.0	27.9	4.4	3.7	8.1
Health care	7.9	4.6	12.5	10.3	6.5	16.8
Fuel and electricity	11.2	7.4	18.6	13.8	7.6	21.4
Transportation	9.8	3.7	13.4	18.1	9.4	27.5
Education and recreation	6.0	1.9	7.9	10.5	3.7	14.2
Other cash expenditure on consumption	6.8	3.2	10.0	7.2	2.5	9.7
Consumption in kind	14.5	66.4	80.8	12.6	66.5	79.1
Other expenditure – total	14.4	15.1	29.6	27.8	25.8	53.6

(Continued)

	2001			2002		
	Urban areas	Rural areas	Country – total	Urban areas	Rural areas	Country – total
Agriculture	0.7	5.7	6.4	0.8	6.7	7.6
Social transfers	0.7	0.1	0.8	3.0	3.0	6.1
Savings or lending	13.1	9.3	22.4	12.4	12.4	24.8
Investment	0.0	0.0	0.0	11.6	3.6	15.2
Total cash expenditure	154.8	94.4	249.2	176.1	109.4	285.4
Total expenditure	169.3	160.8	330.0	188.6	175.9	364.5

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, pp.79-81.

The tendency of expenditures exceeding incomes changed significantly in 2002, when the deficit was only 24.6%. The drastic reduction of the black market's economic share over the last two years should be the subject of separate studies, as these numbers provoke many questions, especially considering no substantial reforms in the country brought about the change. It is therefore posited that subjective factors played a crucial role in the statistical changes.

The same situation occurred with the average per capita monthly income (urban and rural areas, cash and non-cash means–total). In 2001 it was GEL 50.1, 57.6% less than the average per capita monthly expenditure (urban and rural areas, cash and non-cash means–total) GEL 79, but in 2002, the deficit was 24.4%. (See Tables 13 and 14.)

Table 13

**Average Monthly Income Per Capita in Urban and Rural Areas
(GEL)**

	2001			2002		
	Urban areas	Rural areas	Country – total	Urban areas	Rural areas	Country – total
Income total	44.9	45.7	45.3	55.4	66.5	60.8
Cash income and transfers – total	40.7	27.0	34.0	49.2	32.5	41.0
Contractual employment	21.0	6.2	13.7	24.7	7.3	16.1
Self-employment	8.7	3.8	6.3	11.5	4.8	8.2
Sales of agricultural products	0.7	10.7	5.6	1.0	14.7	7.7

(Continued)

	2001			2002		
	Urban areas	Rural areas	Country – total	Urban areas	Rural areas	Country – total
Income from asset holdings (lease of property and interest income)	0.7	0.1	0.4	0.4	0.2	0.3
Pension, stipends, family allowances, benefits	3.3	3.1	3.2	2.8	1.4	2.2
Remittances from abroad	2.9	1.6	2.2	3.9	1.9	2.9
Remittances from relatives	3.4	1.6	2.5	4.4	2.0	3.2
In-kind income	4.2	18.7	11.3	6.2	34.0	19.8
Other cash total	5.1	4.5	4.8	15.0	9.8	12.4
Sale of assets	1.9	1.7	1.8	4.8	0.9	2.9
Debt or use of savings	3.2	2.8	3.0	10.2	8.9	9.5
Cash – total	45.8	31.5	38.8	64.2	42.3	53.5
Cash and non-cash means – total	50.0	50.2	50.1	70.4	76.3	73.3

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia. Tbilisi, 2003, pp. 77-79.

Table 14

Average Monthly Expenditure Per Capita in Urban and Rural Areas
(GEL)

	2001			2002		
	Urban areas	Rural areas	Country – total	Urban areas	Rural areas	Country – total
Total consumption expenditure	72.4	71.4	71.9	79.1	76.7	77.9
Total cash expenditure on consumption	65.7	38.9	52.6	72.9	42.7	58.1
Food item, alcohol, tobacco	34.7	20.6	27.8	37.4	22.9	30.3

(Continued)

	2001			2002		
	Urban areas	Rural areas	Country – total	Urban areas	Rural areas	Country – total
Clothing and footwear	3.6	2.7	3.2	3.8	2.8	3.3
Household items	7.9	5.4	6.7	2.2	1.9	2.0
Health care	3.7	2.3	3.0	5.1	3.3	4.2
Fuel and electricity	5.2	3.6	4.4	6.8	3.9	5.4
Transportation	4.6	1.8	3.2	8.9	4.8	6.9
Education and recreation	2.8	0.9	1.9	5.1	1.9	3.6
Other cash expenditure on consumption	3.2	1.6	2.4	3.6	1.3	2.4
Consumption in kind	6.8	32.6	19.4	6.2	34.0	19.8
Other expenditure – total	6.8	7.4	7.1	13.7	13.2	13.4
Agriculture	0.3	2.8	1.5	0.4	3.4	1.9
Social transfers	0.3	0.1	0.2	1.5	1.6	1.5
Savings or lending	6.1	4.6	5.4	6.1	6.3	6.2
Investment	0.0	0.0	0.0	5.7	1.8	3.8
Total cash expenditure	72.4	46.3	59.7	86.5	55.9	71.5
Total expenditure	79.2	78.9	79.0	92.7	89.9	91.3

Source: Statistical Yearbook of Georgia: State Department for Statistics of Georgia, Tbilisi, 2003, p. 83-84

In reality, the scale of the illegal economy is much greater than this data offers. During the Shevardnadze administration, a brighter picture was painted of the black market situation than actually existed. The level of the illegal economy is much higher than reported in Georgia, as are illegal incomes and expenditures. It is necessary to be cautious in regards to official data, but even “watered-down” data give the ability to observe some very important tendencies in the nation’s economy.

The existence of the black market and illegal incomes explains in many ways why there has been only a weak protest from within the education sector, and virtually none among professors and other employees, despite extremely low salaries. Those employed in higher education have traditionally had the opportunity to make money, legally or otherwise, unlike those in other sectors of the education system. Another reason for the absence of any protest is explained by the system of loyalties encouraged by current legislation on the education sector.

Appendix 2

**Auditing Report Chamber of Control on the Ministry of Education,
15 April 2002**

The main conclusions of this report were that Ministry of Education had a debt of GEL 667,400 and a GEL 10784,2 credit deficit. The Ministry has not been able to solve this problem. The debt comes from 1997 and the Ministry does not have the documentation confirming its organizations' responsibilities for the debt. The Ministry's budget does not have an itemization of the list of the debt, the date it was incurred and for what reason. The central office has a debt of GEL 43,900 and the Ministry has carried a debt of GEL 3,500 since 1988. These debts, totaling GEL 169,000, are the result of unplanned and illegal expenditures, thus provoking overdrafts, primarily in public utilities services and procurement. Most of these expenditures were on the public utilities office of the Ministry, and the kindergartens and other schools for children. The Ministry still has not approved the teaching programs and standards, which were approved by the Council of the Ministry of Education.

The Ministry of Education, in collaboration with other Ministries, was supposed to set up by 1 June 2001, a plan for defining the State Education Plan, which was to be submitted to and approved by the President of Georgia. The Ministry's documents show that in 2001-2002, the state plan requested admittance of 9,260 students to 23 higher education organizations, but in reality 13,019 students were admitted, or 3,759 more than planned. The documents list the names of the institutes and universities which admitted too many students. As result, higher educational institutions were further burdened and not able to provide proper teaching to the students.

The Ministry also is incapable of properly managing its assets and property. From 1996-2002, the Ministry wrote off GEL 9,976,500 in means and material goods, but was unable to provide proper documentation. In 2001 alone, GEL 984,500 was written off. The Ministry explained that the documents (in an order published by the Ministry of the State Property, the auditor's conclusions and others) about the written-off property were kept at the organizations where the property was located, and is reflected as a joint balance at the end of the year.

The Ministry does not properly maintain the semi-built properties, valued at GEL 13.9 million, where construction has been stopped for lack of financing. These total 93 buildings throughout Georgia. The written-off buildings do not have inventory numbers, partly due to the fact that the properties were handed over without proper documentation and without any indication of the property values. In order to better understand and investigate this situation, on 1 March 2002, an inventory commission was established of four officials from the Ministry of Education and three from the Chamber of Control. Millions of GEL worth of written-off properties were handed over illegally to other organizations within the Ministry of Education. Among the many cases analyzed was equipment procured for GEL 1,000,700 for educational programs and given temporarily to an organization affiliated with the Minister of Education; however, the equipment was never returned to the Ministry. The responsibility for this reckless mismanagement of state property rests completely on the leadership of the Ministry of Education. The only recommendation offered by the Chamber of Control was the following: "The report (prepared by the Chamber of Control on the Ministry of Education) should be presented to the Ministry of Education".

Appendix 3

Interviews Issues

The following are the issues discussed in the interviews. These are not questions. The interviews were held in a free-flowing, in-depth conversational manner with the respondent or the respondents taking part in the general discussion. The final report is based on concrete facts and not on the general discussions by the interviewer.

Discussion Topics with Experts:

1. Definition of corruption;
2. Estimate the extent of corruption in Georgia;
3. Organizations which are most corrupt; the rank of higher education in the society;
4. Corruption is the natural element of our way of life or not;
5. Corrupt people are separate selfish individuals or they are the typical representatives of the society;
6. Corruption is rooted in culture, or it is a contemporary phenomenon;
7. Compare corruption of earlier times and nowadays;
8. The reasons for corruption, opportunities for society to sustain or eradicate it;
9. Respondents should indicate the specifics of corruption, if it is an inevitable evil (poverty dictates it) or it is a real evil, and there is no justification for it;
10. Situation. A person is an official who can take bribes but does not. Describe the possible reaction of the respondent to it and others people;
11. Define the line between a gift and a bribe, corruption, please ask to illustrate, and elaborate on it;
12. Corruption became the fact, defining the social status of the person, belonging to the certain social groups; respondent has to specify the most and least corrupt layers of society;
13. Specify the social institutes, public organizations, and social groups which might be the most able to fight corruption. Give the social institutes, public organizations, and social groups which might be the most able to fight corruption. Respondent has to show knowledge of organizations specializing in the fight against corruption, and specify their activities respondents participation in its activities, its effectiveness, indicate ways to increase results;
14. Reveal the awareness of the respondent's knowledge about the special programs of fighting corruption and its efficacy;
15. Respondent's information about facts of corruption, if respondent has ever heard about it in the system of higher education system. The resources should be indicated;

16. The level of corruption in A) The Ministry of Education, B) The leadership of the university, C) The middle level (deans, departments), D) The level of direct interaction between students and professors;
17. Give the level of corruption of the administration of the higher education system; few, many etc. and the quantity of people involved in corruption;
18. Perception of the respondent about the awareness of the administration about the facts of corruption, or it turns blind eye, or the administration is indifferent toward it;
19. Indicate the forms of corruption in the system of higher education, which forms the respondent has experienced personally or was witness to;
20. Influence of corruption on access to education, or the continuation of education abroad (illustrations, forms of corruption, rates);
21. Characterize the scale of corruption: due to corruption principles of competition are undermined during the entrance exams, or the objective evaluation of students' knowledge during the semester, diminishes incentives for acquiring competent education, level of negative influence of corruption on the quality of future specialists;
22. Corruption is not so wide spread, that it influence on the quality of teaching in High Education System;
23. Characterize the fight against corruption, in higher education, its initiator, participants, level of its effectiveness, its integrity and honesty;
24. Respondents should specify how active the leadership of the higher educational organizations, deans and the heads of the departments, professors-pedagogies and students are in anti corruption activities;
25. Possible expectations in the development of the system of higher education.

Discussion Topics with Parents:

1. Definition of corruption;
2. The scale of corruption in society;
3. Most corrupt organizations, define the place of the system of higher education among these;
4. Corruption is the integral part of the way of living in Georgia;
5. Corrupt people are separate selfish individuals, or they are typical representatives of the society;
6. Corruption is engrained in the culture, but it is possible to eradicate;
7. Estimate the present level of corruption in Georgia; compare it with the past period of Socialism;
8. Reasons for corruption, the role of the public in this process;
9. Define the line between corruption as an "inevitable evil" (poverty creates it) and "it is an evil without any justification";

10. Estimate the behavior of the person who is an official who can take bribes, but is not corrupt. Describe the reaction of other people;
11. Corruption is a factor defining the social status of the individual in society, belonging to the certain social group; describe the level of corruption in the different social groups;
12. Describe the social institutions, public organization, and social groups most efficient in fighting corruption;
13. Name the organizations which specialize in the fight against corruption, describe their activity, its effectiveness your participation in it, ways of improvement its function;
14. Discuss the awareness of the respondent about special anti corruption programs, its activity;
15. Discuss the awareness of the respondent about the instances of corruption in the higher education system. Name the source of the information;
16. The scale of corruption in a) the Ministry of Education, b) top administration of the universities/institutes) middle level administration (faculties, departments), d) among teachers and professors;
17. Name examples of corruption within the administration, teachers/professors, define its scale: many, few, other;
18. The leadership of universities/institutes do not know about the corruption, or they just ignore it, or stimulate it;
19. Indicate the forms of corruption in the system of higher education, which forms the respondent experienced personally or was witness to;
20. The initiator of corruption (the respondent, lecturer, representatives of the administration of the faculty, department, higher level. Corrupt practice was initiated by the respondent or under pressure, advice, and direct suggestion of others, there was a trade off in the price; describe the rates of the bribes, its stability (of rates);
21. Respondent rejected the suggested price or the corrupt practice, describe the consequences;
22. Possibility for the respondent to be the initiator of corruption. Rejection of the corrupt practice is based on moral reasons, amount of the bribe, impossibility to establish corrupt ties, or the scale of its consequence;
23. The respondent acted deliberately, or it was a spontaneous decision. The respondent knew whom to address to achieve the goal of establishing corrupt ties. The mediator in corruption, representative of the faculty, relative of the respondent, other person;
24. Personally the respondent felt embarrassed to participate in the deal (for the lack of experience, moral discomfort, other). Subsidizing the corruption influenced by the financial situation of the respondent, describe the reaction of his/her family, or in the group, where the off spring of the respondent studied;
25. Using corruption influenced on the relations of the student with the other side of the deal;
26. Usually facts of corruption becoming known for others, incidentally, or these facts are well known;

27. The reaction of people nearest environment of the respondent on the facts of (understanding, tolerance, disgusting), the reaction of the respondent to it;
28. Describe the reaction of the respondent when someone complains about corrupt ties;
29. Influence of corruption on the choice of the student to enter a certain university/institute, passing entrance exams, choice of the specialty, future plans (i.e. study abroad), how much these plans were changed due to corruption? As an example give the short story of entrance exam;
30. Describe the average rate of the preparation of the youngster to enter the higher education system, were they teachers who prepared for the entrance exams members of the exam commission of the university/institute? Describe the participation of the respondent in the corrupt deals with these members, or the leadership of the university/institutes;
31. Usually corruption influences access to receive or to continue study for the youngsters abroad (please give illustrations, forms of corruption, rates);
32. Respondent's estimation of the level of fight against corruption at universities/institutes; Due to corruption the principles of competition during the entrance exams and estimation knowledge in the process of studying at the university/institute are undermined;
33. Corruption decreases the incentives of good students as a result there is a negative influence on the quality of future specialists. Corruption does not have a scale, which can negatively influence the quality of teaching in the higher education system. Corruption partly damages the teaching process, maybe it is useful for the studies as it helps to save energy for only the useful subjects;
34. Describe the fight against corruption in university/institute where the offspring of the respondent studies, who is the initiator and the participant of it. Estimate the efficacy of this fight, how well it is organized and how honest it is.

Discussion Topics with Students:

1. Definition of corruption;
2. The scale of corruption in society;
3. Most corrupt organizations, define the place of the system of higher education among these;
4. Corruption is the integral part of the way of living in Georgia;
5. Corrupt people are separate selfish individuals, or they are typical representatives of the society;
6. Corruption is engrained in the culture, but it is possible to eradicate;
7. Estimate the present level of corruption in Georgia; compare it with the past period of Socialism;
8. Reasons for corruption, the role of the public in this process;
9. Define the line between corruption as an "inevitable evil" (poverty creates it) and "it is an evil without any justification";

10. Estimate the behavior of the person who is an official who can take bribes, but is not corrupt. Describe the reaction of other people;
11. Corruption is a factor defining the social status of the individual in society, belonging to the certain social group; describe the level of corruption in the different social groups;
12. Describe the social institutions, public organization, and social groups most efficient in fighting corruption;
13. Name the organizations which specialize in the fight against corruption, describe their activity, its effectiveness your participation in it, ways of improvement its function;
14. Discuss the awareness of the respondent about special anti corruption programs, its activity;
15. Discuss the awareness of the respondent about the instances of corruption in the higher education system. Name the source of the information;
16. The scale of corruption in a) the Ministry of Education, b) top administration of the universities/institutes) middle level administration (faculties, departments), d) among teachers and professors;
17. Name examples of corruption within the administration, teachers/professors, define its scale: many, few, other;
18. The leadership of universities/institutes do not know about the corruption, or they just ignore it, or stimulate it;
19. Indicate the forms of corruption in the system of higher education, which forms the respondent experienced personally or was witness to;
20. The initiator of corruption (the respondent, lecturer, representatives of the administration of the faculty, department, higher level. Corrupt practice was initiated by the respondent or under pressure, advice, and direct suggestion of others, there was a trade off in the price; describe the rates of the bribes, its stability (of rates);
21. Respondent rejected the suggested price or the corrupt practice, describe the consequences;
22. Possibility for the respondent to be the initiator of corruption. Rejection of the corrupt practice is based on moral reasons, amount of the bribe, impossibility to establish corrupt ties, or the scale of its consequence;
23. The respondent acted deliberately, or it was a spontaneous decision. The respondent knew whom to address to achieve the goal of establishing corrupt ties. The mediator in corruption, representative of the faculty, relative of the respondent, other person;
24. Personally the respondent felt embarrassed to participate in the deal (for the lack of experience, moral discomfort, other). Subsidizing the corruption influenced by the financial situation of the respondent, describe the reaction of his/her family, or in the group, where the off spring of the respondent studied;
25. Using corruption influenced on the relations of the student with the other side of the deal;
26. Usually facts of corruption becoming known for others, incidentally, or these facts are well known;

27. The reaction of people nearest environment of the respondent on the facts of (understanding, tolerance, disgusting), the reaction of the respondent to it;
28. Describe the reaction of the respondent when someone complains about corrupt ties;
29. Influence of corruption on the choice of the student to enter a certain university/institute, passing entrance exams, choice of the specialty, future plans (i.e. study abroad), how much these plans were changed due to corruption? As an example give the short story of entrance exam;
30. Describe the average rate of the preparation of the youngster to enter the higher education system, were they teachers who prepared for the entrance exams members of the exam commission of the university/institute? Describe the participation of the respondent in the corrupt deals with these members, or the leadership of the university/institutes;
31. Usually corruption influences access to receive or to continue study for the youngsters abroad (please give illustrations, forms of corruption, rates);
32. Respondent's estimation of the level of fight against corruption at universities/institutes; Due to corruption the principles of competition during the entrance exams and estimation knowledge in the process of studying at the university/institute are undermined;
33. Corruption decreases the incentives of good students; as a result there is a negative influence on the quality of future specialists. Corruption does not have a scale, which can negatively influence the quality of teaching in the higher education system. Corruption partly damages the teaching process, maybe it is useful for the studies as it helps to save energy for only the useful subjects;
34. Describe the fight against corruption in university/institute where the offspring of the respondent studies, who is the initiator and the participant of it. Estimate the efficacy of this fight, how well it is organized and how honest it is.

Appendix 4

Estimation of the Respondents the Level of Corruption in Georgia

Corruption in Georgia

Almost all respondents estimated the pervasiveness of corruption in Georgia to be very high, and the respondents believed the entire society was engaged in corruption. Respondents have witnessed corruption in every aspect of their own lives: from the executive to the legislative branches, from low governmental to high-ranking officials, and at regional and national administration offices; in the military services and military draft; during the employment and the selection process; at hospitals; and, even in dance groups. According to many experts, corruption was deeply embedded in society, and it was nearly impossible to eradicate. The respondents believed corruption in society was regarded as a norm and nobody fought it.

The organizations named as the most corrupt were law enforcement, financial, state auditing organizations, as well as those dealing with credit, grants, and humanitarian aid. According to the respondents, corruption in these agencies had a systemic character. Respondents indicated that corruption also existed in non-governmental entities, but in this sector it had a random, rather than a systemic, character.

The experts regard the upper ruling class as the most corrupt social group. Some student respondents stated that, during Socialism, the elite was among the most corrupt social group.

The expert respondents believe that the higher the bureaucratic position, the higher the bribes and level of corruption, thus leading to a bureaucrat's elevated status. Usually, high-ranking officials assure people that bribes are necessary in order to succeed. Some students believed that a benevolent "cultural-psychological climate toward corruption had been created by the political elite, as the leader might be an "honorable person" who helped people with the illegally acquired monies."

Respondents believe that the mass media was guilty as well, because it supported obviously corrupt people and destroyed moral barriers, which could possibly prevent some from engaging in corruption in the first place.

Historical Experience of Misgovernment

According to some respondents, absence of Georgian statehood for centuries brought about the culture of corruption and misuse of power, mentality of the invaded nation. People did not have a proper understanding of the function of the state. Stealing from the state was regarded as stealing from the invaders, and not from them selves. Since the Persian rule until our days*, a system of under-payment, or no payment at all, to servants and tax collectors has been widespread. These public servants were responsible for raising as much money as they could from the population.

Very negative influence on the national mentality had the Russian Empire and the Soviet period. Both epochs were characterized by the tradition of misuse of power, widespread corruption and wide scale of bad management. The negative tradition of mis government was preserved during Shevardnadze regime.

* This issue has deeper historical roots, but in this case we present only the view of the respondents.

Extremely harmful for Georgia became the military coup d'état 1992, when the President of Independent Georgia, Zviad Gamsahurdia was expelled from the country by the supporters of Eduard Shevardnadze, former first secretary of the Communist Party of Georgia and Foreign Affairs Minister of the Soviet Union. Massive violation of the principles of the rule of law, provoked cynicism, misuse of the power in lower and middle echelons of power, reflected in the national consciousness. Immorality, dishonesty, a lack of faith, and greed dominated in the nation and became incentives for further development of corruption.

Characteristics of the Culture

A majority of the experts hold that corruption has deep historical roots, heavily based on the values of getting easy, luxurious life and the tradition of consumerism, with a lack of orientation to labor. For instance, some Georgian traditions, (hosting guests, lavish parties and receptions, giving expensive presents, living in luxury, having expensive clothes, jewelry, traveling etc.) are very expensive and in order to sustain these traditions, one "has to be corrupt." In Georgia, the high value placed on familial relationships, which easily provokes nepotism.

Family values. In Georgia it is very prestigious to have a successful, rich, and prosperous family. Students from successful families usually study in the public sectors of the public universities of Georgia. Usually gifted students from successful Georgian families study abroad, as they are well prepared and parents are able to pay their tuitions. But those young people who do not have good intellectual background and are not interested in getting really good knowledge, they prefer to study in the public universities, as for them it might be difficult, even having money to enter really good private colleges. As in Georgia traditionally it was very prestigious to study at Tbilisi State University, less gifted students from the prestigious families usually study there. But it is well known that at the commercial sectors of the public universities use to study even absolutely ignorant young people. The reputation in the beginning of the commercial sectors of the public universities was very poor, because this sector was created for less talented students, but who wanted to study and pay tuitions. At public universities public sector was designed for really talented students, but who were not able to pay tuitions**. That is why it is so prestigious for parents when their sons/daughters study on public sector that their children are gifted and the state pays for them. It gives the appearance of admission to the public sector due to student's "merit"; although in reality, it is a bribe paid for admission. In Georgian society, there is a high value placed on talent and good education so parents are willing to pay bribes, versus official tuition, to sustain their image that they brought up well-educated and gifted youth.

A small minority of the experts thinks that the decision to participate in corrupt practices depends on the individual's ethical norms and the level of development of culture in the family.

Another national trait is the desire to be first. It is an ethno-psychological trait, even through the use of bribes.

Among the respondents, some believe that corruption does not deal with the ethno psychology and cultural development of the nations, but rather is an international phenomenon. One indicated that corruption derives from Abel and Cain, and is a characteristic of all nations. It is the timeless and without borders phenomenon, characteristic for all historical periods.

** Students from commercial and non-commercial sectors study together in the same groups and use to get the same diplomas

Respondents described very well the existing situation in the country. They gave many very interesting opinions, including: “If you pursue laws, you will lose. You will have thousands of problems. If you pay bribes, your life will be much easier. In any field of social life you will have a lot of problems with the bureaucrats, while if you touch the system from inside and bribe the official, everything will go smoothly. The government is unable to give citizens the minimum socioeconomic support. For the leadership, it is easier to support corruption than to let the rules rule. The whole of state property goes illegally into private hands. So the worst for this regime (Shevardnadze regime-ed.) might be acting and ruling according to the law,” says one expert. Officials, states another respondent, cannot fight corruption in the society, as they created and govern the corrupt system. Some respondents believe that for “society it is obvious, the more one steals the better off and protected one is.”

One of the respondents indicated that during Shevardnadze regime “a person should be prepared to pay a bribe to secure a job. One respondent’s relative paid a USD 500 (about GEL 1000) bribe to secure a USD 100 (GEL 200) monthly position”. Another example was that of a policeman involved in an automobile accident. The officer was able to pay off witnesses and bribe the injured party, thus remaining above the law.

According to the respondents, actually there has been no protest against corruption in Georgian society. It was the part of Orthodox Christianity culture, which easily accepted the violation of laws and miss management. As indicated respondents, in Protestant ethics, a worship of labor and the rule of law served as a moral barrier to the development of deceit and dishonesty. Orthodox Christianity, on the other hand, has never developed the same ideas towards labor and the rule of law.

“Rose Revolution” actually was a rebel of the people against of dishonesty, miss management and fraud in the society.

Socioeconomic Incentives of Corruption

During the interviews, the following were given as the most important reasons why corruption has flourished in Georgia:

- Low salaries;
- Polarization of society into the very rich and the very poor;
- Absence of a middle class; and
- Lack of social mobility.

Consequences of Corruption

In the study, all respondents condemned corrupt people as “bad” or “people in a very desperate situation.” All the experts indicated a high appreciation for honest people, of whom they know many. But, in the meantime, they recognize that the majority of the population is corrupt.

Respondents testified that, “many people crave to be engaged in corruption, as it is very profitable.” The majority of experts cite this motivation as the reason for widespread corruption and its transformation of

daily life. People, according to the experts, just did not understand how it was possible to behave otherwise and not be corrupt, not take (or extort/demand) bribes, and not take money if there is an opportunity.

A cultural-psychological climate has been established where an individual, against his/her intentions, must deal with a corrupt system and its people. There are two particular situations in which corruption has flourished: first, when individuals are forced to participate against their desire; and second, when individuals deliberately use the system for personal gain. In fact, people in both categories condemned corruption; however, in the case of necessity, the first type of individual would fight against corruption, while the other would defend it. Unfortunately, students indicate that the bribing of corrupt people had become even popular among students.

Pessimism in Society

Parental respondents indicated that people are disenchanted with government officials continuously talking about fighting corruption but never seeing any results. This has provoked a level of indifference towards corruption in society. For example, the TV program “60 minutes” has disclosed many cases of corruption with no action on the government’s part or consequences for the perpetrators.

Estimation of the Dynamics of the Development of Corruption

The majority of respondents answered that no significant changes had occurred since the Communist regime. The only minor difference was that during Socialism people were afraid to be caught for corruption, but now there was no fear of punishment.

The majority of experts believed that corruption in Georgia was significant in the 1970s. During Socialism, the Communists propagated the image of the honest man. Corruption was hidden. People caught engaging in corruption were punished, especially if it involved stealing state property. The transition to a market economy has encouraged anti-social and distorted forms of a market economy. In fact, (during Shevardnadze regime – ed.) corruption had increased substantially and indeed, had become a form of economic activity in itself. According to the experts, corruption has become overwhelming, but there was not one example of retribution”.

According to the student respondents, “corruption during the Soviet Union was a means of reaching personal prosperity. The scale of corruption at that time was very high, but the system hid these facts.” The majority of students indicated that the situation had deteriorated in the last 5 years. Some students believed, that “today we deal with corrupt bureaucrats who are better educated” (before 2004 – ed.)

Most respondents believe that fighting corruption during Shevardnadze regime was complicated. As one respondent indicated, “Poor people are unable to fight it, having no social guarantees. They can only adjust to it, while those who have money do not fight corruption.”

The experts named the most vital instruments for fighting corruption as:

- Introduction of the principles of a free-market economy and creation of a sound environment for competitiveness;

- Development of civil society, participation of the people in the governance and transparency of governmental organizations;
- Use of systematically oriented strategies with short-term and long-term tactics to combat corruption, including a change in the existing political regime and its structure. Conferences and trainings increased awareness, but they were only a superficial means of addressing the issue;
- Reduction of opponents to the fight against corruption. The bureaucrats who paid bribes for their post would not be helpful in fighting corruption. Most of the respondents hold that much more radical measures are necessary such as criminal trials in order to discourage the corrupt practices of public officers.

The activity of the bureaucrats must be transparent and their property must be properly documented. It is unfathomable, not to mention an insult to common sense, that a public official, with a salary of GEL 100-150 per month, could have accumulated such wealth in the last ten years. This endemic system of corruption would persist until people are employed based on merit and professionalism and paid properly, allowing people to live honestly.

In naming the leading forces in the fight against corruption, respondents first named the government, then the non-governmental sector, and finally society as a whole. Also mentioned were the representatives of small and medium-sized businesses who often fall victim to corrupt bureaucrats.

Among the leading organizations named in the battle against corruption were the Anti-Corruption Council, The Liberty Institute, the Prosecutor's Office, the Chamber of Control and the Ministry of Interior. The mass media was named as the main source of disseminating anti-corruption information. However, the respondents are not familiar with the activities of these organizations and most of the respondents were not engaged in the fight against corruption. Therefore, they were very skeptical because they do not see the results of these organizations' activities. Some respondents indicate that the anti-corruption organizations were themselves corrupt.

Some respondent believe, in this battle, only the non-governmental organizations could bring about transparency. This sector can teach people their rights. Unfortunately, today people did not know their rights or responsibilities. In the meantime, it was mentioned that the non-governmental sector has lost the trust of the people. As one respondent pointed out: "One can see the monopoly by a few groups and corruption in this sector. Two to three NGOs monopolized all the grants and continue to win all of them. There is no transparency. When this monopoly is dissolved, the people will gain trust in the NGOs. These organizations often are created to fight corruption, but they end up collaborating with corrupt officials. These kinds of organizations are in contact with international organizations and by complicity are corrupt."

Some respondents believed, that primarily non-governmental organizations, the mass media, and other social groups, which are relatively independent and largely express the peoples' interests versus special interests, should undertake the fight against corruption. Some respondents believed that a hungry person could not fight corruption. This process should begin from above because only the government can change the situation. Leaders should be honest people. Other respondents believed that the President, Parliament, Prosecutor, and members of the Constitutional Court should fight corruption.

Many student respondents did not believe the government was genuinely willing to fight corruption because illegal profits served their interests. The students believe that only a new generation with a different mentality,

sharing the values of great Georgian poets and writers by not accepting bribes in any circumstance, could change the situation. Other students believed that every citizen had a duty to fight corruption, and the responsibility should not be left only to organizations and groups. One student was completely skeptical since he had been employed with an anti-corruption organization and had quit full of pessimism. He claimed the fight against corruption had become corrupt itself, and anti-corruption activists had become instigators of scandals, citing the Liberty Institute as an example.

Most of the respondents believed that combating corruption is possible. It required development of anti-corruption legislation, economic infrastructure, and education programs in the schools with the relevant anti-corruption curricula. But, most important factor named was the honesty of the political elite.

The responses of some students unfortunately revealed a distinct naiveté about corruption. For example, some state that advanced democracies with a just society, the rule of law, and fear of retribution are places where corruption cannot and does not exist. Unfortunately, history shows that corruption exists in advanced democracies as well, just to a lesser degree than in less developed ones.

In general, the responses to the first set of questions were impressive; they reflected professionalism, a broad vision of the problems, and experience.

Appendix 5

Photos

Tbilisi State University



Tbilisi State University, Building 1



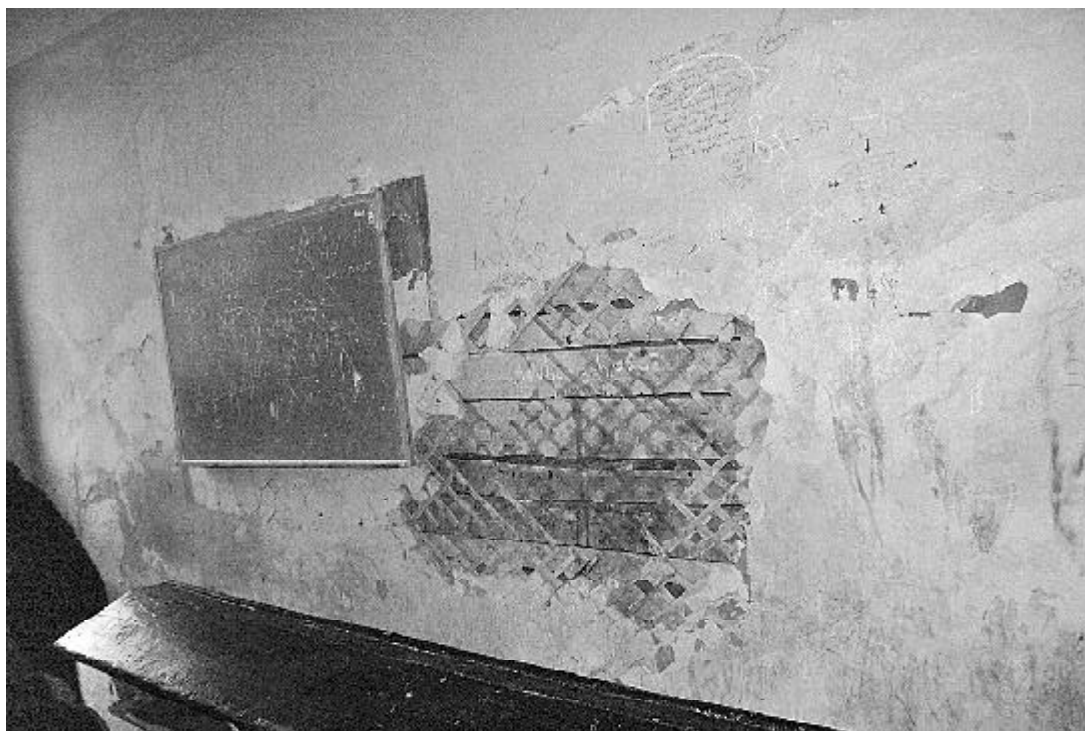
Fragment of the wall in the hallway of Tbilisi State University, Building II



Fragment of the hallway of Tbilisi State University, Building IV



Fragment of the wall in the hallway of Tbilisi State University, Building II



One of the classrooms at Tbilisi State University, Building II



One of the classrooms at Tbilisi State University, Building II



One of the classrooms at Tbilisi State University, Building II



Photo depicting a lavatory at Tbilisi State University, Building 1

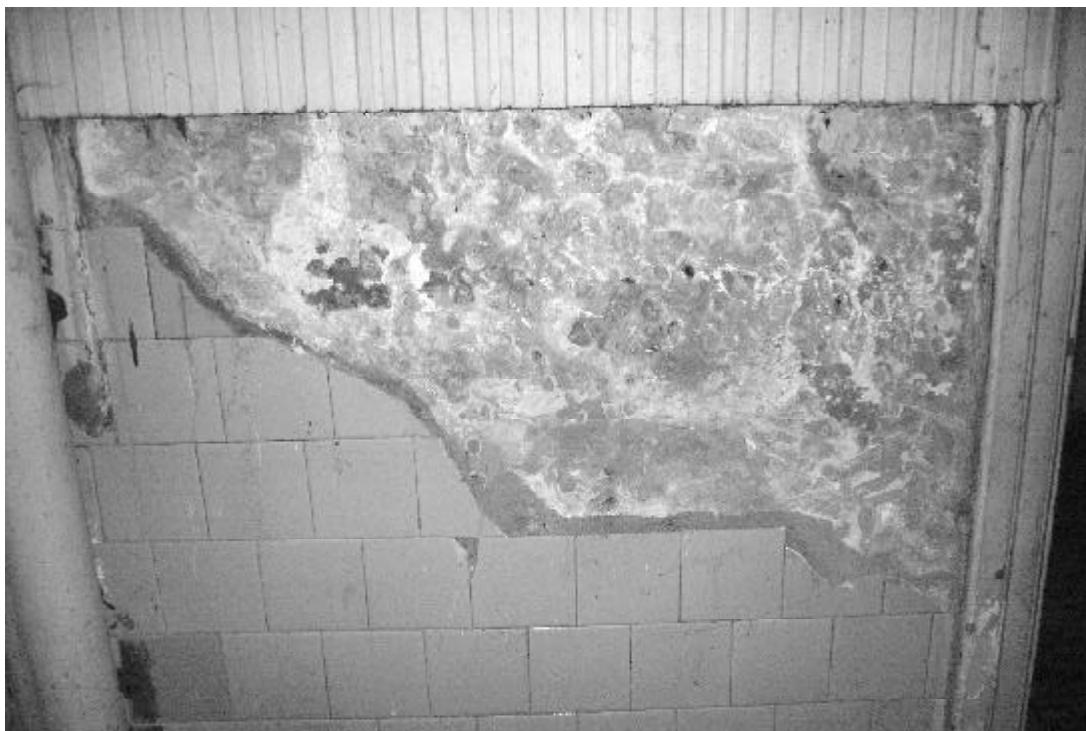


Photo depicting a lavatory at Tbilisi State University, Building II



Photo depicting a lavatory at Tbilisi State University, Building 1



Photo depicting a lavatory at Tbilisi State University, Building II



Photo depicting a lavatory at Tbilisi State University, Building II



Photo depicting a lavatory at Tbilisi State University, Building IV



Photo depicting a lavatory (without lock) at Tbilisi State University, Building II



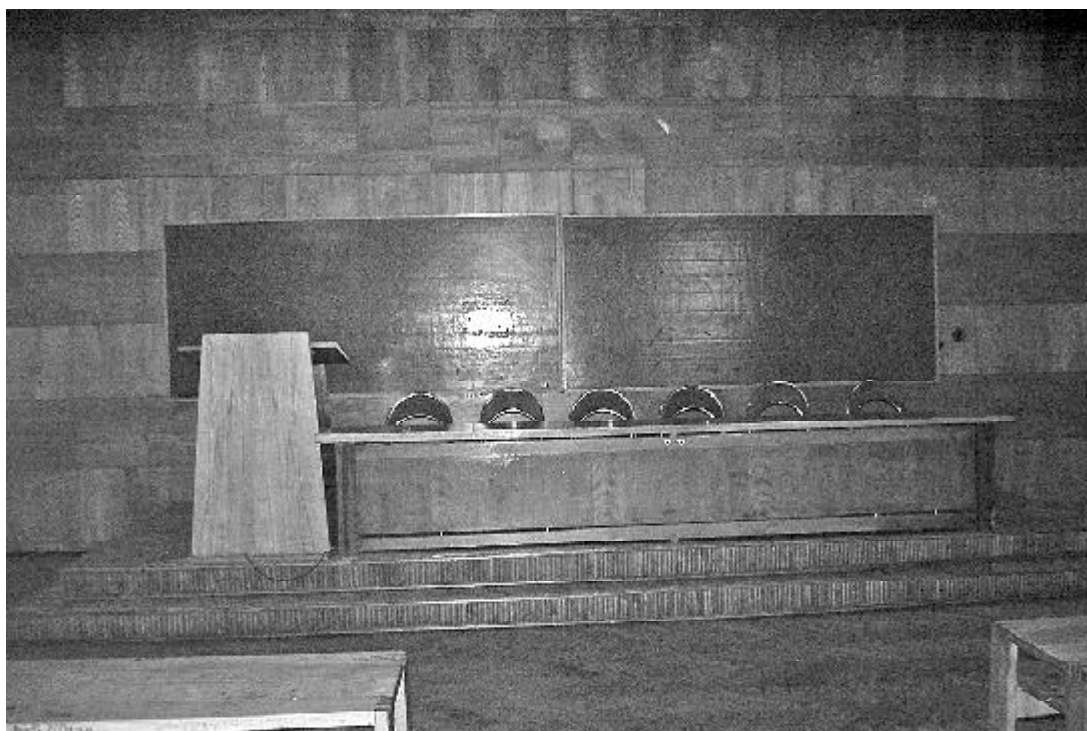
Photo depicting a lavatory at Tbilisi State University, Building IV



Fragment of the wall in the hallway of Tbilisi State University, Building II



Room 93 at Tbilisi State University, Building 1



Room 93 at Tbilisi State University, Building 1

Library of Tbilisi State University





Fragment of the Building of the Library of Tbilisi State University



Fragment of the Building of the Library of Tbilisi State University



Fragment of the Building of the Library of Tbilisi State University



One of the rooms at the Library of Tbilisi State University



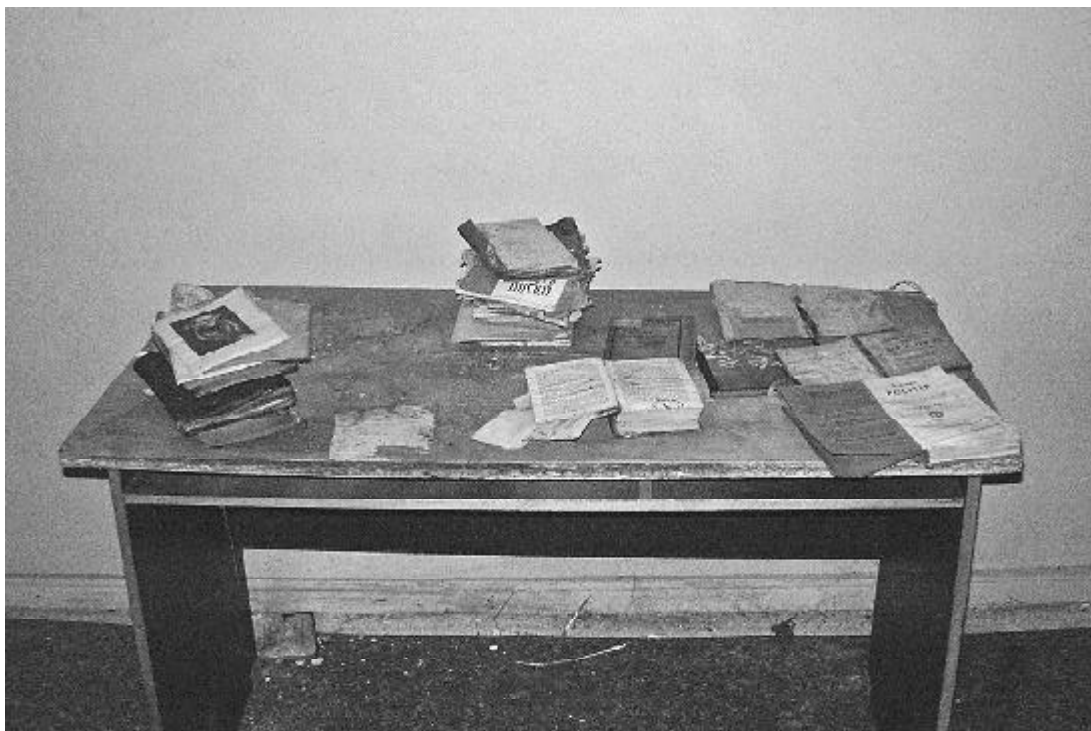
Fragment of the hallway at the Library of Tbilisi State University



Fragment of the wall at the Library of Tbilisi State University



Archive of the Library of Tbilisi State University



Damaged books



The Archive of Tbilisi State University



The Archive of Tbilisi State University



One of the rooms at the Library of Tbilisi State University



Fragment of the hallway at the Library of Tbilisi State University

Georgian Technical University



Georgian Technical University, Administrative Building



Fragment of the hallway at Georgian Technical University, Building VI



Fragment of the hallway at Georgian Technical University, Building VI



Lift at Georgian Technical University, Building VI



Fragment of the lavatory at Georgian Technical University, Building VI



One of the classrooms at Georgian Technical University, Building VI

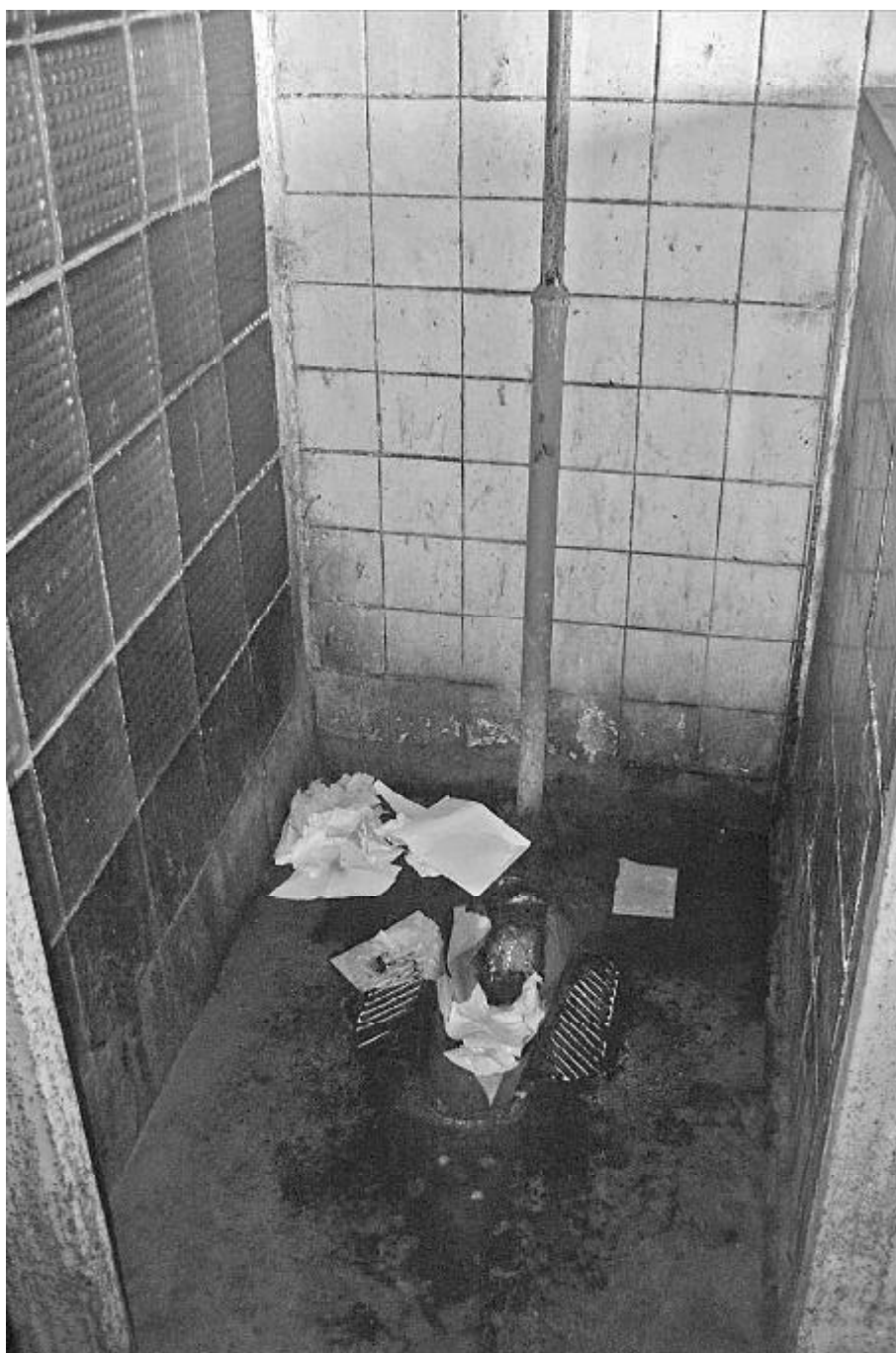


Photo depicting a lavatory at Georgian Technical University, Building VI



Photo depicting a lavatory at Georgian Technical University, Building VI



Fragment of the hallway at Georgian Technical University, Building VI



One of the classrooms at Georgian Technical University, Building VI



One of the classrooms at Georgian Technical University, Building VI

Tbilisi State Medical University





Fragment of the ceiling in Tbilisi State Medical University, Building I



Fragment of the wall in in Tbilisi State Medical University, Building I

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American University's Transnational Crime and
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Ketevan Rostiashvili

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