



# INNOVATIONS FOR SUCCESSFUL SOCIETIES

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## REJUVENATING THE PUBLIC REGISTRY: REPUBLIC OF GEORGIA, 2006-2008

### SYNOPSIS

In the wake of Georgia's "Rose Revolution," Jaba Ebanoidze took charge of the inefficient Public Registry. Housed within the Ministry of Justice, the registry held information about land, property rights and titling. Work procedures within the registry were overly bureaucratic and facilitated corruption by requiring multiple stages for application processes. The reform of the agency was part of the government's wider economic program, which sought to open the country to private investment. A well-functioning registry was a key requirement for attracting foreign investors and allowing citizens to borrow easily against the capital in their homes. By rolling out information-technology systems and emphasizing monitoring and transparency, Ebanoidze achieved reductions in both processing times and corruption.

*Andrew Schalkwyk drafted this policy note on the basis of interviews conducted in Tbilisi, Republic of Georgia, in May 2009.*

### INTRODUCTION

In November 2003, supporters of opposition parties in the Republic of Georgia stormed Parliament to protest rigged elections that the deeply unpopular president, Eduard Shevardnadze, had won by a landslide. The demonstrators, led by young, U.S.-educated reformist Mikheil Saakashvili, demanded Shevardnadze's resignation while carrying roses to emphasize their peaceful intentions. In response, Shevardnadze declared a state of emergency and ordered the army to put down the uprising. The army refused to comply, however, and Shevardnadze had no choice but to step down.

When new elections were held in the wake of the "Rose Revolution," Saakashvili swept to power on a reformist platform, with over 96% of the popular vote. He quickly set about staffing his government with young, driven reformers, pulling in key figures from nongovernmental organizations and academia.

Jaba Ebanoidze was one of these reformers. An engineer by training, he had been an activist and director of a Georgian NGO, the Association for Protection of Landowners' Rights. The association fought for transparency in Georgia's land and property markets. Saakashvili had the perfect job lined up for Ebanoidze.

The new government had inherited a bloated state sector, mired in a hyper-bureaucratic Soviet mindset. Many of the new wave of reformers were heavily influenced by libertarian philosophy and the model of such countries as New Zealand, where the functions of the state were minimal. These reformers set about dealing with the overstaffing and inefficient functions of the civil service as a whole, while Ebanoidze was assigned the more specific task of cleaning up the Public Registry.

The Public Registry was the office that maintained land-ownership data and provided related documents such as title deeds and property information. It was housed within the Ministry of Justice, and it was the repository for all information regarding land rights and property ownership. When Ebanoidze took over the registry in early 2006, its operations were slow, inaccurate and riddled with corruption.

## THE CHALLENGE

Reform of the Public Registry was a major priority of the Georgian government and a critical component of the government's economic-development plan. As the government's economic reforms began to bear fruit, the property market became more active. Citizens increasingly wanted to borrow against the value of their properties, while foreign investors and developers required accurate and up-to-date information about property rights. When Ebanoidze took over, the registry was receiving about 300 daily requests for information. Within six months, the number of requests had risen to nearly 600 a day. The registry had been ill-equipped to respond to 300 requests a day; handling double that number was clearly impossible within the current structure.

Ebanoidze identified the most critical problems affecting the agency. First, citizens needed exceptionally large numbers of documents

to request information from the Public Registry. Multiple forms were required for each specific piece of information, and those forms sometimes bounced back and forth from desk to desk and office to office. Ordinary citizens struggled to get simple documents such as title deeds and other property information. Response times were unnecessarily long, and often bribes were needed in order to move the process forward.

Indeed, deeply ingrained corruption was the second major problem facing the registry. Without at least one bribe, it could take two or three months to get documents—if the papers ever arrived at all. A common complaint from citizens was that before formally submitting their documents at the office reception desk, they had to have an informal meeting with a registry official. These officials often demanded money before even allowing citizens to submit their documents. When citizens refused to pay bribes, their applications were blocked.

Ebanoidze saw his task as addressing the grinding inefficiency of the application process while attacking the corruption that both sustained and fed off the slow and unduly complex system.

## FRAMING A RESPONSE

Ebanoidze began researching options for the future of the registry. The U.S. Agency for International Development provided funding to bring in a number of foreign experts to give advice, while a Swiss development agency paid for Georgian staff to travel to Sweden to examine its registry systems.

Ebanoidze and other staff members also traveled around Western and Eastern Europe, investigating how other registries were organized and operated. Ebanoidze quickly decided that Western European models were not appropriate for his country. "They have 200 or 300 years of old traditions," he said. "Examples from Western

Europe are not suitable for Georgia, [but] we started to see what is happening in Eastern Europe.”

Inspired by the technology-based reforms of Estonia and other Eastern European countries, Ebanoidze decided to use information technology as the basis for his reforms. Improving IT infrastructure became his top priority. Ebanoidze saw improved technology as a means of addressing both the efficiency and transparency problems within the registry.

While designing the reform program, Ebanoidze set a policy requiring all ideas and plans to be written down to create a record of options considered and ideas floated. Brainstorming with his senior staff, he developed a step-by-step plan for achieving the changes they wanted. Each step had a milestone or output benchmark associated with it, and the tasks were specifically assigned to different people in the office.

Throughout the process, Ebanoidze held weekly meetings to monitor and discuss progress. The tasks were spread across the office to ensure that the success of the reforms did not rely on only one person. Ebanoidze said he felt that this was very important because it spread the responsibility for the reforms. “It was necessary because we wanted to have a situation when these reforms are done, not by one person ... because sometimes one person can leave,” he said. “The organization must continue the process.”

## GETTING DOWN TO WORK

A lack of funding was Ebanoidze’s first implementation challenge. The registry had relied on allocations from the central government, but the funding was not sufficient to support his ambitious reform program. However, the registry was well positioned to take advantage of new reformist legislation. The registry had been included in a 2004 law called the Public Entities Law, which gave the agency much greater autonomy than normal government departments.

The law enabled the registry to raise money for its own operating costs and gave its director full control over the agency’s operations. Ebanoidze took advantage of this by implementing a new fee structure, with a surcharge for expediting services. The fees were aimed particularly at banks, law firms and large businesses that were willing to pay extra for fast service. The extra revenue from the fees allowed him to augment his central budget and move forward with his reform plans.

Next, Ebanoidze set about recruiting talented software developers to design and complete the computer programs that would be the backbone of the reforms. He initially asked registry officials to work directly with the programmers, but the programmers had difficulty understanding the officials’ disparate suggestions and applying them in a coherent way. Ebanoidze therefore developed a system in which registry officials described their needs to a select group of program managers, who relayed a streamlined version to the programmers. The programmers then developed software to fill the needs.

While the programmers were working on the new system, Ebanoidze and his colleagues simplified the most common services offered by the registry. For example, citizens had been required to apply for several documents (and to fill out a series of separate forms) in order to find out who owned a piece of property or whether there was a lien on that property. Ebanoidze developed a single document that contained all the most commonly-sought information about a property, along with a single application process for the information.

As the software was developed, regional offices joined the process. By the beginning of 2009, all but three of the regional offices in 52 regions across Georgia were connected via a network with the central office in Tbilisi. The three not included were in the northern, mountainous part of the country. The developers moved forward with the main programming, carefully digitizing all processes. They built a

new database to house this information, accessible from any of the networked offices. The registry's programmers developed software that allowed many services to be accessed over the Internet. Citizens could submit some applications online, and new digitized processes allowed them to track the applications through various stages.

The submission of applications online created unexpected complications. The bureaucracy, steeped in Soviet traditions, was accustomed to using stamps and signatures as proof of authenticity, but those manual steps didn't fit into online processes. Ebanoidze, with the help of the Ministry of Justice, the registry's parent body, sought to develop an acceptable system of electronic signatures for Georgia.

The Ministry of Justice helped push for legislation that recognized electronic signatures, allowing the registry to provide documents to citizens directly over the Internet. In order to ensure authenticity, each document had a unique number that could be used to access the official version online. Citizens could therefore print documents themselves to bring to the bank when applying for a loan. Using the unique document number, the bank could access the original on the registry's website.

To reduce the pressure on the registry offices and help improve service delivery, the registry further expanded its cooperation with banks. Banks had requested more direct access to the registry's database to speed up all of their registry-related dealings. To enable this, the registry and banks made joint hires of workers, who would be based at the banks. Most banks in the country were included in this program. The banks paid 90% or more of these employees' salaries, while the registry covered the rest.

The joint-employee program turned most bank branches into satellite branches of the registry, with little cost to the registry itself. The move also helped both the banks and the people

who used the registry. The banks gained easier access to the sorts of documents that show collateral and other information for giving loans. Citizens had many more places where they could apply for their documents. Ebanoidze said that in 2005, at the start of the reform program, everyone applying for documents from the registry went to the agency's offices. Since the introduction of the Web software and the bank offices, he estimated, "approximately 40% or 45% of the customers are just visiting bank offices or using the Internet."

### OVERCOMING OBSTACLES

While the technology roll-out continued, Ebanoidze made bold attempts to tackle corruption in the agency. He implemented three measures.

First, he reduced face-to-face interaction between citizens and registry officials. He redesigned registry offices to separate the front offices, where documents could be submitted, from back offices, which were inaccessible to the public and where registry officials processed the applications. All documents had to go directly through a receptionist. There was a single room in which complicated issues could be discussed between registry officials and citizens.

The second measure involved surveillance of the office in general and the complicated-issue room in particular. Cameras were placed in the offices to record whether people were paying bribes when submitting their applications.

The third and most important change was a monitoring system that was designed to curb corruption and boost efficiency. While previous measures made bribery difficult, the practice was still possible. The new software meant that each application was entered into the system and a small symbol would appear on the application's page. This represented the amount of time that had passed since the application was made. Two days before a standard 10-day deadline, the initial

blue clock would change to yellow, informing the employee that he or she needed to complete the task urgently. After 10 days, it turned to red.

The registry set up a monitoring team whose members were able to view all the applications from their own terminals. They were able to filter out all the blue and yellow applications and just see the red ones. Using this procedure, members of the monitoring team could approach workers who had overdue applications and ask them about the reason for the delay. The new processes and monitoring removed the need for bribes and the leverage for demanding them, while also ensuring registry officials adhered to reasonable time frames.

### ASSESSING RESULTS

While the new systems improved efficiency, the implementation was not entirely smooth. The rigorous monitoring system became a point of contention. Registry officials, unaccustomed to any oversight of their work, were deeply antagonistic toward the monitoring team. The registry officials complained that they were constantly harassed, and that this compromised their ability to serve citizens. Eventually, half of the staff protested by stopping work. Ebanoidze was initially tempted simply to fire those who were unwilling to work under the system. However, he was concerned that these people would delete documents from the computers before they left, causing major problems.

Ebanoidze negotiated with the striking employees to avoid any document deletions, assuring them that he would work with the monitoring team to ensure that they were more polite and less aggressive. The strike had happened on a Monday, and he made sure that he was at the office every day to keep tabs on how the operations were going. During the week, he asked some of his programmers to back up all

computer data to ensure against any retributive deletions. Looking more closely at the striking officials' caseload, he noticed that officials had stopped a number of applications, even though petitioners had submitted adequate information and documentation. He deduced that some of those most virulently opposed to the monitoring team were engaged in corrupt activity.

On Friday, five days after the initial strike, Ebanoidze fired 65 people from the office, using the authority he had as the director of one of the semiautonomous agencies included under Georgia's Public Entities Act. This amounted to more than a third of the office's staff of 150. By the end of the next week, every position had been refilled.

This action had a major impact on the perception of the office. Television crews had been present when the office had shut down at the beginning of the week, and seeing a large number of those people fired by the end of the week sent a strong signal.

Yet despite Ebanoidze's commitment to weeding out corruption, bribers and bribe-takers adapted to the new systems. Reacting to the cameras in registry offices and reduced opportunities for interaction between citizens and registry officials, people started to pay bribes in different locations, either in stairwells or outside the building.

The forms of bribes also changed. Rather than paying with cash, which could arouse suspicion, people started slipping cellphone recharge cards into their applications. The cards, which could be used easily or changed into cash, were available in fairly large denominations, up to approximately US\$40.

A final challenge was the retention of talented programming staff. In order to develop the software that had been such an important part of the success, the registry needed talented

programmers. But information-technology staff and other computer professionals were in high demand.

With increased budgetary control and larger revenues, the office managed to increase the salaries of its staff. Nonetheless, retention remained a problem.

While challenges remained, Jaba Ebanoidze was able to reduce the frustrating delays

experienced by Georgian citizens when applying for information about property and land rights.

By introducing tailored software and an effective system for monitoring employees, he was able to reduce corruption in the agency while delivering a higher quality of service.

In 2008, Ebanoidze was promoted to deputy minister for justice and tasked with replicating his registry success at the Ministry of Justice.



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