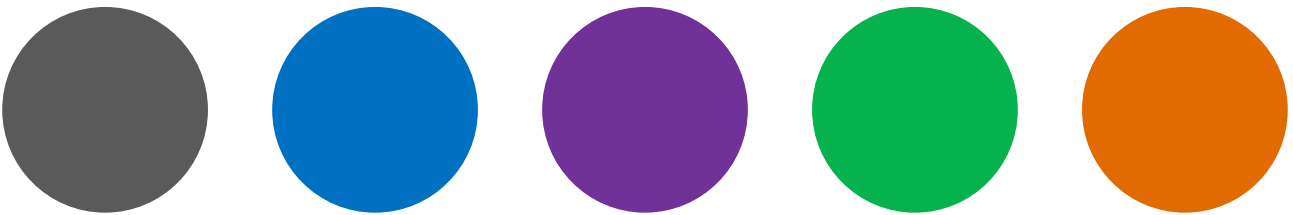


REPORT

Georgia's Implementation of 20 Eastern Partnership Deliverables for 2020

ASSESSMENT BY CIVIL SOCIETY



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World Experience for Georgia

Sapari / Lachahn

Tbilisi
2020

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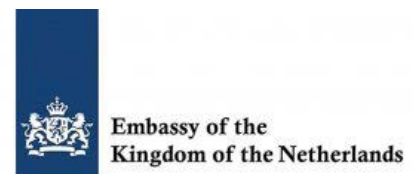
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The views, opinions and statements expressed by the authors and those providing comments are theirs only and do not necessarily reflect the position of Georgian Institute of Politics and International Society for Fair Elections and Democracy.

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INTRODUCTION

Adopted at the Eastern Partnership (EaP) Summit in November 2017, 20 Deliverables for 2020 serve as the key framework and road map for the Eastern Partnership countries to strengthen and deepen political and economic cooperation with the EU. While cooperation with EaP region remains a cornerstone of EU's foreign policy, good governance, democracy, the rule of law and human rights are fundamental values that lie at the heart of the EU's relationship with partner countries. With the current Eastern Partnership "20 Deliverables for 2020" framework expiring at the end of this year, some deliverables still need further efforts to be achieved, and the process should be strengthened by internal monitoring and advocacy by the civil society organizations.

Georgia is an ambitious EaP state, publicly committed to establishing the rule of law and building democratic institutions many years ago, but the signing of the Association Agreement (AA), with the European Union (EU) on June 27, 2014 made its obligations on human rights, democratization, and good governance legally binding as part of the European integration process. The agreement not only brought Georgia closer to the EU, it also reaffirmed Georgia's position as the center of gravity for Western engagement in the region.

While Georgia expects to benefit from European aid and monitoring, democratic conditionality strategies, institutional and knowledge transfer, further engagement with the EU is expected to be a symbolic breakthrough in the Europeanisation plans of Georgia. As country enters into a new chapter of internal development strongly driven by public opinion - "irreversible Europeanisation," it also requires successful implementation of the 2020 deliverables in order to deepen the reform process and supplement the implementation of the Association Agreement.

Fourteen Georgian civil society organizations contributed to writing the first independent report of progress on the 20 Deliverables for 2020 for Georgia, combining Georgian civil society and think-tank expertise. It covers all five EaP priority areas: **cross-cutting deliverables, stronger economy, stronger governance, stronger connectivity and stronger society**. The overview on each deliverable outlines the progress, results achieved and challenges encountered in implementing 20 Deliverables for 2020.

The report also provides recommendations for maximizing benefits from this framework, and advocate for necessary reforms with stakeholders in Georgia and the EU. This publication is intended to create a foundation for discussion and serve as a resource for government officials, civil society representatives, diplomatic community, field experts, citizens and other stakeholders who are engaged in Georgia's democratic development.

Abbreviations

AA - Association Agreement
ACAA - Assessment and Acceptance of Industrial Product
ACC - Anti-Corruption Council
ADB - Asian Development Bank
ADBI - Asian Development Bank Institute
AEO - Authorised Economic Operator
AFD - Agence Francaise de Development
AGIR - Armenia-Georgia-Iran-Russia
AIIB - Asian Infrastructure Investment Bank
AP - Action Plan
ARDA - Agricultural and Rural Development Agency
ARO - Asset Recovery Office
ATT - Arms Trade Treaty
BM - Border Management
CAA - Common Aviation Area Agreement
CAP - Climate Change Action Plan
CBIT - Building Initiative for Transparency
CBRN - Chemical, Biological, Radiological and Nuclear Defense
CC - Climate Change
CCC - Climate Change Council
CDM - Clean Development Mechanism
CEDAW - Convention on the Elimination of All Forms of Discrimination Against Women
CERT - Computer Emergency Response Team
CFSP - Common Foreign and Security Policy
CI - Critical Infrastructure
CIB - Coordinated Inauthentic Behaviour
CNG - Compressed Natural Gas
COE - Council of Europe
CoM - Covenant of Mayors
COSME - Competitiveness of Enterprises and Small and Medium-Sized Enterprises
CPO - Chief Prosecutor's Office
CRRC - Caucasus Research Resource Centers
CSB - Civil Service Bureau
CSDP - Common Security and Defence Policy
CSO - Civil Society Organizations
CTC - Common Transit Convention
DCFTA - Deep and Comprehensive Trade Agreement
DGECHO - Directorate General for European Civil Protection and Humanitarian Aid Operations
DG GROW - Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DG SANTE - Directorate-General for Health and Food Safety
DTT - Digital terrestrial TV
DVB-T - Digital Video Broadcasting — Terrestrial
EaP - Eastern Partnership
EaP CSF - Eastern Partnership Civil Society Forum

Abbreviations

EBRD - European Bank for Reconstruction and Development
EC - European Commission
ECHR - European Court of Human Rights
EE - Energy Efficiency
EEAS - European External Action Service
EFRIS - Electronic System on Incident Registration and Operations Control System
EIA - Environmental Impact Assessment
EIB - European Investment Bank
eIDAS - EU regulation on electronic identification and trust services for electronic transactions
EIF - European Investment Fund
EL - Energy Labelling
EnC - Energy Community
ENPARAD - European Neighbourhood Programme for Agriculture and Rural Development
EPBD - Energy Performance of Buildings Directive
EPRC - Economic Policy Research Centre
ERA - European Research Area
ETIAS - European Travel Information and Authorization System
EU - European Union
EU P2P - European Union Partner to Partner
EURAXESS - Pan- European Research and Innovation Initiative of the European Union
EUROPOL - European Union Agency for Law Enforcement Cooperation
EUTM Mali - European Union Training Mission in Mali
EUTM RCA - Military training mission
EWH - East-West Highway
FATF - Financial Action Task Force
FDI - Foreign Direct Investment
FES - Friedrich-Ebert Stiftung
FMS - Financial Monitoring Service
FOI - Freedom of Information
FRONTEX - European Border and Coast Guard Agency
GATT - General Agreement on Tariffs and Trade
GCF - Green Climate Fund
GCJE - Georgian Charter of Journalistic Ethics
GCNP - Georgian Cluster National Platform
GDP - Gross domestic product
GDPR - General Data Protection Regulation
GEANT - Pan-European Data Network for the Research and Education Community
GEFF - Green Economy Financing Facility
GENIE - Georgia National Innovation Ecosystem Project
Geostat - National Statistics Office of Georgia
GHG - Greenhouse Gas
GITA - Georgian Innovation and Technology Agency
GIZ - The Deutsche Gesellschaft für Internationale Zusammenarbeit
GNCC - Georgian National Communication Commission

Abbreviations

GNPDAP – Georgian National Policy Development Action Plan
GoG - Government of Georgia
GRECO - Group of States against Corruption
GRENA - Georgian Research and Educational Networking Association
GSE - Georgian State Electrosystem
G4G - Governing for Growth
GCoJ - High Council of Justice of Georgia
HDM - Harmonise digital markets
HPP – Hydro Power Plant
HRM - Human Resources Management
IBEDC - International Business and Economic Development Center
IBM - Integrated Border Management
IBRD - International Bank for Reconstruction and Development
ICM – International Credit Mobility
ICT - Information and Communication Technologies
IFI – International Financial Institutions
IMF - International Monetary Fund
IREX - International Research and Exchanges Board
ISET - International School of Economics at TSU
ISFED - International Society for Fair Elections and Democracy
ISP - Intermediary Service Provider
IT - Information Technology
ITS – Intelligent Transport Systems
IWW - Inland Waterways
JICA - Japanese International Cooperation Agency
JRC - Joint Research Centre
kfW – German Development Bank
LEPL – Legal Entity of Public Law
LEDS - Low-Emission Development Strategies
LNG - Liquefied Natural Gas
M&E - Monitoring and Evaluation
MEPA - Ministry of Environmental Protection and Agriculture
MFA - Ministry of Foreign Affairs
MIA - Ministry of Internal Affairs
MN MISP - Multinational Malware Information Sharing Platform
MoD - Ministry of Defence
MoESD - Ministry of Economy and Sustainable Development of Georgia
MoU - Memorandum of Understanding
MP -Member of Parliament
MRV - Monitoring, Reporting and Verification
MSI – Media Sustainability Index
NAMA – Nationally Appropriate Mitigation Action
NBG - National Bank of Georgia
NAP - National Action Plan

Abbreviations

NADEP - National Accidents Data Electronic Platform
NATO - North Atlantic Treaty Organization
NDA - National Designated Authority
NDC - Nationally Determined Contributions
NEAP - National Environmental Action Plan
NGO - Non-governmental Organization
NIF - Neighbourhood Investment Facility
NIP - Neighbourhood Investment Platform
NNLE - Non-entrepreneurial Non-commercial Legal Entity
NRA - Nation Risk Assessment
NREN - National Research and Education Network
NSC - National Security Council
NSGP - North-South Gas Transit Pipeline
ODIHR - Office for Democratic Institutions and Human Rights
OECD - Organisation for Economic Co-Operation and Development
OECD SIGMA - EU-OECD Joint Initiative to Improve Governance
OSCE - Organization for Security and Co-operation in Europe
PAR - Public Administration Reform
PBL - Policy Based Loan
PCI - Projects of Common Interest
PECI - Projects of Energy Community Interest
PLIMA - Energy Community Infrastructure Transparency Platform
PMI - Projects of Mutual Interest
PMSE - Programme-making and special events
PPA - Power Purchase Agreement
PPP - Public-Private Partnership
PPRD East 2 - Prevention, Preparedness and Response to Natural and Man-made
Disasters in the Eastern Partnership Countries
PSDA - Public Service Development Agency
QES - Qualified Electronic Seal
R&D - Research and Development
RE - Renewable Energy
REWG - Roaming Expert Working Group
R&I - Research and Innovation
RIA - Regulatory Impact Assessment
RRA - Regional Roaming Agreement
RSA - Regional Spectrum Agreement
RTD - Research, Technological Development and Demonstration
SAD - Single Administrative Document
SAFE - Security, Accountability and Fight against Crime
SAO - State Audit Office
SBUR - Second Biennial Updating Report
SCP - South Caucasus Pipeline
SDG - Sustainable Development Goals

Abbreviations

SEA - Strategic Environmental Assessment
SEAP - Sustainable energy action plan
SECAP - Sustainable Energy and Climate Action Plan
SEWG - Spectrum Expert Working Group
SGC - Southern Gas Corridor
SIENA - Secure Information Exchange Network Application
SME - Small and Medium-sized Enterprises
SOC - Security Operation Center
SPS - Sanitary and Phytosanitary
SSS - State Security Service
STI - Science, Technology and Innovation
TA - Technical Assistance
TAIEX - Technical Assistance and Information Exchange instrument of
the European Commission
TANAP - Trans Anatolian Pipeline
TAP - Trans Adriatic Pipeline
TCP - Trans Caspian Pipeline
TCSA - Technical and Construction Supervision Agency
TEN-T - Trans-European Transport Network
TFS - Trade Facilitation Systems
UN - United Nations
UNDP - United Nations Development Programme
UNECE - United Nations Economic Commission for Europe
UNFCCC - United Nations Framework Convention on Climate Change
UNM - United National Movement
USAID - United States Agency for International Development
VET - Vocational Education and Training
WB - World Bank
WCO - World Customs Organisation
YDI - Youth Development Index

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CROSS CUTTING DELIVERABLES

1

More Engagement with Civil Society Organizations

Ana Andguladze, Senior Researcher at International Society for Fair Elections and Democracy (ISFED); PhD candidate at Université libre de Bruxelles.

In 2017 the EU developed an agenda for the Eastern Partnership by 2020. In the “20 Deliverables by 2020” civil society was presented as one of the three key cross-cutting deliverables.¹ The roadmap envisaged four main targets for civil society for 2020, which included (1) strengthened capacity and technical expertise, (2) awarding of 80 civil society policy fellowships and support for 300 youth leaders across the EaP countries, (3) obtaining information on the empowerment of civil society organizations and (4) well-functioning and regular multi-stakeholder policy dialogue through the EaP Civil Society Forum and National Platforms.

Present Status

Georgia has one of the most vibrant and active civil society environments among the Eastern Partnership states. Since Georgia gained independence, numerous civil society organizations (CSOs) have emerged in the country. CSOs have played an instrumental role in major political events of Georgia's recent history, such as the Rose Revolution in 2004 and the first peaceful transfer of power through national legislative elections in 2012. Over recent years, Tbilisi-based CSOs have been very actively engaged in major national discussions of important issues, such as constitutional reform, human rights, electoral, local government and judicial reforms, drug policy, external relations, etc. Some CSOs have also been very active in establishing and maintaining contacts with international organizations and Georgia's strategic partners.

Georgia's existing legislation creates favorable conditions for the establishing and operation of CSOs. The number of registered CSOs is around 27 000, however, not all are active.² Since liquidation procedures involve complex bureaucratic steps, a number of CSOs who are not active remain registered and have not officially closed.

There are no legislative obstacles for receiving foreign funds, nor are there official obligation to report to the state, except for cases in which CSOs receive state funds. However, the number of CSOs who receive state funding is very limited and usually CSOs are heavily dependent on foreign funding. The European Union (EU) and the USA are the main donors.³ Other players, such as EU member states (Germany, Denmark, France, Sweden, the Netherlands, etc.) are also active financial donors to Georgian CSOs. According to a recent study, the majority of CSOs work on education, culture and youth (86%), followed by CSOs that work on strengthening institutions and good governance (76%), (specifically on the rule of law and human rights) and 49% of surveyed CSOs work on economic development.⁴

Georgian legislation does not require government authorities to hold consultations with civil society organizations. Even though tools exist for official participation in decision-making, such as commenting on draft laws, or the opportunity to participate in established working groups with state institutions, this process is still ad-hoc and depends on the institution as well as the topic for discussion.

¹ European Commission, Joint Staff Working Document, 'Eastern Partnership - 20 Deliverables for 2020 Focusing on key priorities and tangible results', Brussels, 9.6.2017, SWD(2017) 300 final

² Civil Society Organization Sustainability Index, Central and Eastern Europe and Eurasia, 22nd Edition, 2019.

³ Ibid.

⁴ Eastern Partnership Civil Society Facility, EU-CSO Roadmap 2014-2017 in Georgia: Key Achievements, 2020, accessible at: <https://bit.ly/3cIlik8>, last retrieved on 3rd of February, 2020.

In recent years CSOs which have been most active in government's criticism have experienced verbal attacks from the ruling party, Georgian Dream, accusing them of being politically biased and not impartial. In this regard, events of 2018 that took place during the Presidential Elections has to be noted. What seemed to be coordinated verbal attacks from government representatives, was directed against the watchdog organizations working on election related issues especially.⁵ This is particularly alarming considering that public trust towards CSOs in Georgia is not high. In fact according to The Caucasus Research Resource Centers' (CRRC) 2018 public attitudes research, only 27% of surveyed responded that they trust civil society organizations.⁶

Apart from the traditional, institutionalized civil society organizations, Georgia has been witnessing over recent years the emergence of self-organized youth group civil activism. One primary example is the new grassroots movements that emerged in summer 2019 and managed to organize major protests against the government's actions over several months. Social media has played a significant role in helping to mobilize such movements and organize protests in the country.

What Has Been Done

Seeking to develop a more comprehensive and strategic approach to support and engagement with civil society in the Eastern Partnership states, the EU adopted a first Roadmap for engagement with Georgian CSOs for the period of 2014-2017.⁷ The main goals set out in the first Roadmap, including development of CSO's capacity, enabling framework for their operation and their involvement in the policy dialogue, have been carried through into the new Roadmap for 2018-2020.⁸ In March 2019 the European Commission issued a report on monitoring the implementation of the "2020 Deliverables for 2020". Progress made at that time to achieve the first deliverable was assessed as "moderate" and the report highlighted the importance of strengthening the enabling environment for CSOs in the light of challenges posed by the "closing of civic space".⁹

With a view to strengthening the capacity of CSOs, a number of activities have been initiated by the EU. For example, in June 2019 the European Commission announced the call for Strategic Partnerships for Capacity Development of civil society organizations in Eastern Partnership region, including in Georgia. Furthermore, the EU remains one of the biggest financial donors for Georgian CSOs: for example, in the Single Support Framework for EU assistance to Georgia (2017-2020), the complementary support for civil society development allocated was EUR 18.55 - 22.65 million.¹⁰

More recently, 60 fellowships have been awarded to young representatives of civil society organizations from all over the Eastern Partnership countries to implement their project ideas. In January 2020 the call for awarding fellowships to the last 20 candidates was announced by the Eastern Partnership Civil Society Facility, meaning that the target will be achieved as this report comes out. Each fellowship offers a sum up to EUR 5,000 to funding projects for up to a 6 months period. To date 10 fellows have been selected from Georgia

5 ISFED, Final Report on Monitoring of the 2018 Presidential Elections. Available at: <https://bit.ly/3aduWVF>, last retrieved on 17th of February 2020

6 CRRC-Georgia, Knowledge and Attitudes of the Population of Georgia towards Judiciary, 2018, accessible at: <https://caucasusbarometer.org/en/emc2018ge/TRUNGO/>, last retrieved on 3rd of February, 2020

7 Georgia – EU Country Roadmap for Engagement with Civil Society 2014-2017

8 EU Roadmap for Engagement with Civil Society in Georgia 2018-2020, 2018

9 European Commission, 20 DELIVERABLES FOR 2020, Monitoring – State of Play March 2019, accessible at: <https://bit.ly/3cowjCe>, last retrieved on 3rd of February, 2020

10 European Commission, Programming of the European Neighbourhood Instrument (ENI) – 2017-2020 - Single Support Framework for EU support to Georgia (2017-2020), accessible at: <https://bit.ly/2wNsBDg>, last retrieved on 3rd of February, 2020.

(5 fellows in 2017, 2 fellows in 2018 and 3 fellows in 2019).¹¹

Additionally, in response to the recent challenges caused by COVID-19 crisis, the EU has allocated support package for the EaP states, including Georgia. As well as providing EU solidarity funds for Georgia's health system and economy, the EU is supporting civil society as well. "EUR11.3 million in small grants to civil society organisations (CSOs) across the Eastern Partnership region" has been made available, and the Commission is planning to launch "Eastern Partnership Solidarity Programme", which will target the most affected populations through civil society support.¹²

To obtain meaningful information on what is happening in policy dialogues for civil society organizations in the EaP states – as set out in the EU document "20 Deliverables for 2020" – the commission has listed the European Centre for Non-For-Profit Law as one of the key actors. On December 3rd, 2019, the CSO Meter – "Assessing the civil society environment in the EaP countries (CSO Meter)" – was launched in partnership with and funded by the European Union.¹³ Currently, individual reports for each EaP country are available on the CSO Meter website¹⁴.

In order to institutionalize the CSO's dialogue with the state authorities, as well as with the EU, the Eastern Partnership Civil Society Forum (EaP CSF) was created in 2013, which was considered as an empowering step for the CSOs.¹⁵ However, its structure and function has received some criticisms as well, with its success in terms of policy being evaluated as "modest".¹⁶ Furthermore, it has been recommended that the composition of the leadership of the National Platforms should be more inclusive and less dominated by certain groups.¹⁷ In 2018 an internal reform of the EaP CSF was adopted with the aim of strengthening its organizational capacity.

The Georgian National Platform of the EaP CSF consists of around 185 members. In 2015 a Memorandum of Understanding between the Government and Parliament of Georgia and Georgian National Platform of the EaP CSF was signed, enabling CSOs to be involved in the implementation of the Association Agreement between Georgia and the EU. In 2018 the scope of responsibilities of the EaP CSF Secretariat was expanded and now includes the management of support to the National Platforms. For the period of 2019-2020, EUR 550,000 EUR has been allocated, which includes EUR 50,000 EUR per year for each National Platform, (including Georgia), except for the Ukrainian National Platform, which is supported by a different mechanism.¹⁸

Remaining Challenges

While a number of initiatives and activities have been put in place to support civil society's capacity development and involvement in policy dialogues challenges remain. First, financial sustainability and donor dependency are still the biggest challenges for CSOs, not only in Georgia but across the region. This is especially important regarding small CSOs outside

11 Eastern Partnership Civil Society Facility, accessible at: <https://eapcivilsociety.eu/fellowships-2>

12 Delegation of the European Union to Georgia, "EU announces support package for Georgia", 2020, accessible at: <https://bit.ly/2VaBwrl>, last retrieved on 16th of April.

13 European Center for Not-for-Profit Law (ECNL), CSO Meter- Assessing the civil society environment in the Eastern Partnership Countries, Press release, 2019, accessible at: <http://ecnl.org/press-release/>, last retrieved on 3rd of February, 2020

14 <https://csometer.info/>

15 Rommens T., "The Eastern Partnership: civil society in between the European and domestic level: the case of Georgia", Journal East European Politics Volume 30, Issue 1., 2014.

16 Kostanyan H., "The Civil Society Forum of the Eastern Partnership Four Years On", Brussels, CEPS, Special Report., 2014.

17 Ibid.

18 Eastern Partnership Civil Society Forum, , Annual Activities Report 2018, 2018 accessible at: <https://bit.ly/3afGjw6>, last retrieved on 3rd of February

of the capital. While well-established Tbilisi-based CSOs have managed to build sustainable operating organizations, elsewhere grassroots organizations are challenged by weak capacity development and lack of human resources.

Even though Georgia is one of the countries in the Eastern Partnership which has been praised for cooperation with domestic CSOs, relative to the performance of other states in the region, government-CSO cooperation is far from perfect. A recent study, assessing the achievements of the Roadmap for the EU engagement, concluded that while 61% of CSOs have participated in communication and policy dialogue with public authorities, only 36% of CSOs said that they have achieved success in obtaining concrete results - such as amendment of policies or laws - in the last four years.¹⁹ Other recent studies, namely CSO Meter reports published in 2019 on Georgia and also on Moldova, give more or less similar results when comparing CSOs evaluation of working in consultative bodies with respective governments. More specifically, when asked if decisions of the consultative body were considered when developing public policies, only 45.5% of Moldovan CSOs²⁰ and 47.7% of Georgian CSOs²¹ responded positively.

The environment for the operation of CSOs in Georgia is more favorable than in some of the Eastern Partnership states, such as Azerbaijan or Belarus. However, the current signs of deterioration of democracy in Georgia has not been reflecting well on that environment. Verbal attacks and speeches discrediting leading CSOs coming from the highest echelons of the ruling party are alarming. Messages undermining the public image and the population's trust in CSOs have been voiced by the leader of the ruling party as well, Bidzina Ivanishvili in 2019.²²

The spreading of divisive messages through social media with content-sponsored posts on anonymous Facebook pages has been named by the International Society for Fair Elections and Democracy (ISFED) as one of the main challenges for electoral processes in Georgia.²³ This also includes targeted posts discrediting leading CSOs in Georgia and their representatives, citing leaders of the ruling party. Very recently, on December 20, 2019, Facebook identified and removed a “domestic focused network” which was systematically posting about domestic affairs, as well as “criticism of the opposition and local activist organizations.”²⁴ What is most important is that Facebook investigation linked this activity to the ruling Georgian Dream party.

The Association Agreement (AA) between the EU and Georgia is an important platform for CSOs involvement in ensuring the proper implementation of the treaty. A number of documents provide a legal basis for CSOs involvement in either monitoring, consultation or information exchange processes through joint civil society dialogue forum, government consultations and EU-Georgia Civil Society Platform.²⁵ Georgian civil society is already actively involved in monitoring the implementation of the AA. Its involvement has been also supported by the Open Society Georgia Foundation, with an umbrella network involving local CSOs monitoring the progress of the Association Agreement.

19 Eastern Partnership Civil Society Facility, EU-CSO Roadmap 2014-2017 in Georgia: Key Achievements, 2020.

20 CSO METER, Assessing the civil society environment in the Eastern Partnership countries, Moldova, Chisinau, 2019, accessible at: <https://bit.ly/2XDpZCK>

21 CSO METER, Assessing the civil society environment in the Eastern Partnership countries, Georgia. Tbilisi, 2019. Accessible at: <https://bit.ly/2KbiRFW>

22 “Ivanishvili Speaks of Protests, Opposition, the West, Unemployment”, 28th November 2019, accessible: <https://civil.ge/archives/329765>

23 International Society for Fair Elections and Democracy, “DIVISIVE NARRATIVES ON FACEBOOK DURING THE 2018 ELECTIONS”, 19th November 2019, accessible at: <https://bit.ly/2Vf3m69>

24 Facebook, (2019), Removing Coordinated Inauthentic Behavior From Georgia, Vietnam and the US, accessible at: <https://bit.ly/2VzqafW>

25 Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, Official Journal of the European Union, L 261/4, 2014

Conclusions and Recommendations

To conclude, while the European Union has been stepping up its efforts for support and engagement with civil society of the Eastern Partnership states, the full implementation of the deliverable is still far way. This is the case not only in the EaP region overall, where various serious problems persist for CSOs, but also in Georgia. While there are legal tools for CSOs' involvement in implementation of the Association Agreement, it must be noted that their involvement is more often limited to monitoring and evaluation and they are not necessarily involved in the important phases of policy making, such as policy formulation or planning. Moreover, since Georgia is an Associated country, policy-oriented engagement on the European Union level is a serious challenge even for the most well-established CSOs. Against this backdrop, several recommendations towards both the European Union and the Government for Georgia, are proposed below for achieving an enabling environment for CSOs.

To the European Union:

- Further enhance political support from EU's side for civil society, through making supportive statements and communications addressed to the Georgian government;
- Increase financial support to CSOs in order to maintain their sustainability and organizational development, especially to the grassroot organizations in the regions;
- Call on the Georgian government to ensure CSOs' involvement in each policy-making cycle, including formulation and planning;
- Provide opportunities for Georgian CSOs to establish sustainable transnational advocacy networks, as well as further increase support to facilitate advocacy campaigns in Brussels;
- Assist and facilitate CSOs' efforts to improve their public image and trustworthiness through different initiatives, including built-in project activities;
- Develop more defined roles for CSOs in future deliverable agenda;
- Increase the number of available civil society fellowships per country, as well as further increasing funding and the time period for project implementation.

To the Government of Georgia:

- The Government of Georgia should refrain from disseminating discrediting narratives and bring a stop to the alarming cases of verbal attacks against the representatives of civil society. Instead, its focus should be directed towards NGO recommendations regarding different reforms and policies.
- Ensure CSOs' involvement in each policy-making cycle, including formulation and planning;
- Establish efficient and continuous formats for consultations with CSOs for every line-ministry or governmental agency;
- Create online platforms for engagement with CSOs in terms of receiving their comments and feedbacks on government-drafted strategic documents;
- The Government of Georgia should work closely with the European Union in order to create monitoring and evaluation mechanisms for engagement between the State and CSOs.

2

Increase Gender Equality and Non-Discrimination

Baia Pataraiia, Executive Director, "Sapari".

Present Status

Deliverable 2 in The “20 Deliverables for 2020”¹ is one of the three cross-cutting deliverables and its objective is to support women’s rights, empowerment and gender balance to allow EaP members to take full advantage of the economic and social potential within their countries. The review assesses Georgia’s progress towards its four targets, which are aimed at addressing negative gender stereotypes, gender-based violence and pay gaps between men and women, among other issues.

In May 2017 Georgia ratified The Council of Europe Convention on preventing and combating violence against women and domestic violence, better known as the Istanbul Convention². This was prescribed with the framework of the 20 Deliverables for 2020 and by the EU-Georgia Association Agenda 2017-2020³. As a result of the amendments to relevant Georgian legislation, which now incorporates 90% of the Istanbul Convention, the protection of women in Georgia has much improved.

Provisions on the fight against violence against women were part of the EU-Georgia Visa Dialogue⁴. In 2014 the Georgian Parliament adopted comprehensive legislation in relation to this, in the form of the Law of Georgia on the Elimination of All Forms of Discrimination, and it has been amended on several more occasions.

In 2010 Georgia adopted Gender Equality Law. In April 2018 two national action plans (NAPs) related to gender equality were adopted: NAP on the Implementation of the UN Security Council resolutions on Women, Peace and Security 2018-2020,⁵ and the NAP on Measures to be Implemented for Combating Violence against Women and Domestic Violence 2018-2020.⁶ Moreover, Gender Equality Parliamentary Council of Georgia adopted its action plan for 2018-2020.⁷

One of the targets in 20 Deliverables for 2020⁸ is “gender mainstreaming in public policies with gender disaggregated data available”. To comply with this, the National Statistics Office of Georgia has been since 2011 been publishing a sex-desegregated report named “Women and Men in Georgia”⁹.

What Has Been Done

In May 2019, to meet the standards set by Istanbul Convention, the Georgian parliament outlawed sexual harassment. The changes were adopted in several laws. The Labour Code

¹ Joint staff working document EaP 20 Deliverables for 2020, Focusing on key priorities and tangible results, Brussels, 9.6.2017, see at: <https://library.euneighbours.eu/content/eastern-partnership-20-deliverables-2020-focusing-key-priorities-and-tangible-results>

² Ibid

³ Association Agreement between the European Union and Georgia 2017-2020; see at:

⁴ EU-Georgia Visa Dialogue Action Plan on Visa Liberalization, 2013, See at: <http://migration.commission.ge/files/vlap-eng.pdf>

⁵ NAP on the Implementation of the UN Security Council resolutions on Women, Peace and Security 2018-2020, Government of Georgia, 2018, see at: http://gov.ge/files/496_64814_631814_173.pdf

⁶ NAP on the Measures to be Implemented for Combating Violence against Women and Domestic Violence 2018-2020, Government of Georgia, 2018, see at: <https://matsne.gov.ge/ka/document/view/4480488>

⁷ Gender Equality Parliamentary Council Action Plan 2018-2020, 2018, see at: http://www.parliament.ge/ge/ajax/downloadFile/90951/სამოქმედო_პეგმა_2018-2020_Webpage

⁸ Joint staff working document EaP 20 Deliverables for 2020, Focusing on key priorities and tangible results, Brussels, 9.6.2017, see at: <https://library.euneighbours.eu/content/eastern-partnership-20-deliverables-2020-focusing-key-priorities-and-tangible-results>

⁹ Official website of see at: <http://gender.geostat.ge/gender/index.php?lang=en>

of Georgia defines sexual harassment as “unwanted behavior of a sexual nature towards a person, which is meant to humiliate him/her and/or causes his/her humiliation and which creates an intimidating, hostile, humiliating or offensive environment for him/her.”¹⁰ Likewise, Article 166¹ was added to the Administrative Offenses Code of Georgia, which sets a fine of up to 300 GEL.

Additionally, in February 2019 the Parliament of Georgia adopted fresh legislative changes to the Law on the Elimination of All Forms of Discrimination. These amendments introduced concepts of discriminatory harassment and sexual harassment into the law. They also widened understanding of the principle of equal treatment in labour relations and in access to education and healthcare.¹¹

To improve the effectiveness and accessibility to justice in discrimination cases, amendments have been introduced to the Civil Procedure Code of Georgia, as a result of which the time limit on the filing of a claim with a court increased from three months to up to one year, improving accessibility to justice for the victims of discrimination.¹² In addition, the amendments grant the Public Defender of Georgia the right to file a claim with a court if a legal person, or an entrepreneurial entity, fails to respond to a recommendation with regards to the fact of discrimination.¹³ This amendment empowers the equality enforcing body and makes monitoring more effective, as envisaged in 20 Deliverables for 2020.¹⁴

In December 2018, the Gender Equality law of Georgia was amended. According to these amendments (art.13 (1¹)), the municipal representative bodies (Sakrebulo) should all establish a Municipal Gender Equality Council to ensure systematic work on gender-related issues within the municipality and coordinated collaboration with the Gender Equality Council established by the Parliament of Georgia.¹⁵ With this amendment the Municipal Gender Equality Councils became mandatory institutions, which should enable the state to mainstream gender equality locally when drawing up and carrying out public policies.

In March 2019, the Government of Georgia published a report on the implementation of a NAP in 2018 on the Measures to be Implemented for Combating Violence against Women and Domestic Violence 2018-2020. The report is of low quality, with no information provided for most of the activities covered. The only adequate coverage is on those activities performed exclusively by or in cooperation with non-governmental and international organizations.¹⁶ There are three priorities in the NAP regarding legislation and state policy, victims' access to services, stereotypes and attitudes towards domestic violence.

In addition, the 2018 NAP Implementation report on the Implementation of the UN Security Council resolutions on Women, Peace and Security 2018-2020 was published in 2019.¹⁷ The Gender Equality Parliamentary Council's implementation 2018 report on its 2018-29 action plan was well-structured and shows that sufficient progress has been made in all six aims.¹⁸ The NAP report sets the following aims: defining directions of the parliament's

10 Article 2(41), labor Code of Georgia, 1010, see at: <https://matsne.gov.ge/en/document/view/1155567?publication=12>

11 Amendments to the Law of Georgia on the Elimination of All Forms of Discrimination, registration code: 010100000.05.001.019409, 2019, see at: <https://matsne.gov.ge/ka/document/view/4485888?publication=0>

12 Amendments to the Criminal Procedure Law, registration code: 060000000.05.001.019486, 2019, see at: <https://matsne.gov.ge/ka/document/view/4548238?publication=0>

13 Ibid.

14 Joint staff working document EaP 20 Deliverables for 2020, Focusing on key priorities and tangible results, Brussels, 9.6.2017, see at: <https://library.euneighbours.eu/content/eastern-partnership-20-deliverables-2020-focusing-key-priorities-and-tangible-results>

15 Amendments to the Law of Georgia on Gender Equality Law, registration code: 010100000.05.001.019409, 2019, see at

16 Implementation Report of NAP on the Measures to be Implemented for Combating Violence against Women and Domestic Violence 2018-2020, 2018, see at: <http://myrights.gov.ge/uploads/files/docs/3660EVAWსწავროშო2018.pdf>

17 Implementation Report of NAP on the Implementation of the UN Security Council resolutions on Women, Peace and Security 2018-2020, 2018, See at: <http://myrights.gov.ge/uploads/files/docs/72951325სწავროშო-2018-.pdf>

18 Implementation Report of Gender Equality Parliamentary Council action plan 2018-2020, 2018, see at: http://www.parliament.ge/ge/ajax/downloadFile/109218/სწავროშო_2018

work on gender; improvement of legislation; improvement of state mechanisms; institutional strengthening of the Council; awareness raising and monitoring.

The availability of better gender statistics is a priority under the joint staff working document 20 Deliverables for 2020.¹⁹ In 2019, the National Statistics Office of Georgia, together with the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) set out new methodology for a survey, which it conducted, on the gender pay gap in Georgia. The final findings were published in April 2020.²⁰

This deliverable had a deadline of 2017 to reach a target of 50% female participants in the young entrepreneurs focused in the EU4Youth programme, rising to 75% by 2020.²¹ According to the information provided by the Georgian Prime Minister's Office²² the data regarding the EU4Youth Programme for 2019 is as follows: 2,691 participants in competence development activities – of which 1532 were women (60%); 51 young people who received mentorship – of which 26 were women (51%); 39 young job seekers completed a certification process – of which 33 were women (85%); 81 young people completed internships – of which 56 were women (70%).

Remaining Challenges

Despite the significant progress that has been achieved in improving the legal framework to combat gender-based violence, the definition of rape is still not in line with the Istanbul Convention or The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). The Criminal Code of Georgia defines rape as a violent act or threat of violence²³ and consent is not the key aspect of the crime. In addition, marital rape is neither explicitly criminalised nor included as an aggravated circumstance.²⁴ To meet the international standards of legal protection of women set by the Istanbul Convention, the Code relating to rape should be amended, and in addition marital rape should be included and defined.

So far, the parliamentary and government NAPs related to women's rights have been implemented only partially. The implementation reports for 2019 are not yet public, although the NAPs should be implemented fully by the end of 2020. There is a low level of implementation of the NAP on the Measures to be Implemented for Combating Violence against Women and Domestic Violence 2018-2020 by 2018, for example; activities of municipalities designed to combat domestic violence had not been implemented; effectiveness of social work remains a challenge; awareness raising campaigns are short-lived and attitudes towards domestic violence are still problematic.²⁵

The Implementation Report on the Gender Equality-Parliamentary Council NAP 2018-2020 for 2018 shows impressive progress, but certain areas remain challenging: in 2018 parliament failed to adopt mandatory gender quotas to improve women's representation in political life and no new initiative has been initiated; methodology for the calculation of

19 Joint staff working document EaP 20 Deliverables for 2020, Focusing on key priorities and tangible results, Brussels, 9.6.2017, see at: <https://library.euneighbours.eu/content/eastern-partnership-20-deliverables-2020-focusing-key-priorities-and-tangible-results>

20 Analysis of the Gender Pay Gap and Gender Inequality in the Labour Market in Georgia, UN Women, 2020, see at: https://www2.unwomen.org/-/media/field%20office%20georgia/attachments/publications/2020/gender%20pay%20gap_georgia_eng.pdf?la=en&vs=636

21 Joint staff working document EaP 20 Deliverables for 2020, Focusing on key priorities and tangible results, Brussels, 9.6.2017, see at: <https://library.euneighbours.eu/content/eastern-partnership-20-deliverables-2020-focusing-key-priorities-and-tangible-results>

22 Information was provided by Lela Akiashvili – Advisor of Prime-Minister of Georgia.

23 Article 137, Criminal Code of Georgia, 1999, see at: <https://matsne.gov.ge/ka/document/view/16426?publication=212>

24 Recommendations for Combating Sexual Crimes in Georgia, Equality Now, 2019, see at: https://d3n8a8pro7vhmx.cloudfront.net/equalitynow/pages/2039/attachments/original/1569415794/Recommendations_for_combating_impunity_for_sexual_violence_in_Georgia_.pdf?1569415794

25 Implementation Report of NAP on the Measures to be Implemented for Combating Violence against Women and Domestic Violence 2018-2020, 2018, see at: <http://myrights.gov.ge/uploads/files/docs/3660EVAW%20%202018.pdf>

the pay gap has also not been elaborated so far.²⁶ Based on the new Analysis of the Adjusted Gender Pay Gap in Georgia²⁷ a new policy should be elaborated by the government to overcome Georgia's 35%²⁸ gender pay gap.

Information regarding the EU4Youth Programme discussed above shows that young women's participation in competence development activities (60%) and mentorship programs (51%) are lagging and it is unlikely that they will meet the 75% target by 2020.

Links with AA

The EU Council Directive 2004/113/EC, which is mandatory for Georgia under the EU-Georgia Association Agenda, defines sexual harassment as a form of discrimination based on sex (art.4 (3)) and highlights that sexual harassment can also take place in areas outside the labour market (principle 9).²⁹ Thus, the adoption of regulations on sexual harassment is necessary to fulfil Georgia's international obligations under EU-Georgia AA.

The EU-Georgia Association Agenda 2017-2020 calls for Georgia to “continue effective implementation of the anti-discrimination law.” The above mentioned amendments, made to the Law on the Elimination of All Forms of Discrimination and Civil Procedure Law guaranteeing the strengthening of the equality enforcing body and increasing the timeframe for discrimination claims, ensures more effective implementation of anti-discrimination legislation in Georgia.

Enhancing gender equality and ensuring equal treatment for women and men in social, political and economic life are part of the short-term priorities set out by the EU-Georgia Association Agenda 2017-2020. Collecting sex-desegregated data and analysing the gender pay gap supports enhancement of the equality of men and women in economic life, however, no consistent policy to guarantee the economic equality of men and women currently exists in Georgia.

Conclusions and Recommendations

The overall assessment of the progress made by Georgia on Deliverable 2 is satisfactory. Gender Action Plans are being implemented and work on the collection of sex-disaggregated data is ongoing. Anti-discrimination legislation has been improved during the reporting period and effective monitoring is being conducted by the Public Defender's Office of Georgia. The Istanbul Conventions have been ratified and Georgian legislation is now in almost full compliance of international standards. Women's participation in business and the EU4Youth program is also close to the target set for 2020.

To fully implemented the NAPs on gender equality and domestic violence the following actions are recommended:

- The definition of rape should be changed and should be based on consent in line with international standards;
- Parliament has to adopt legislative gender quotas to ensure women's participation in political life;

²⁶ Implementation Report of Gender Equality Parliamentary Council action plan 2018-2020, 2018, see at: http://www.parliament.ge/ge/ajax/downloadFile/109218/სწავრობა_2018

²⁷ Petreski, M (forthcoming), Analysis of the Adjusted Gender Pay Gap in Georgia, UN Women

²⁸ Men and Women in Georgia 2019, National Statistics Office of Georgia. 2019. See at: https://www.geostat.ge/media/27545/W%26M-GEO_2019.pdf

²⁹ EU Council Directive 2004/113/EC implementing the principle of equal treatment between men and women in the access to and supply of goods and services, 2004, see at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32004L0113>

- A state strategy to overcome the gender pay gap should be adopted and methodology for calculating it should be improved;
- The Social Service Agency's financial and staffing capacity should be increased to enable it to effectively engage in combating domestic and gender-based violence.

3

Strengthening Strategic Communications and Supporting Plurality and Independence of Media

Tamar Kintsurashvili, Director, Media Development Foundation

Strategic communications and plurality and independence of the media together form one of three cross-cutting deliverables of the Eastern Partnership's targets in "20 Deliverables for 2020". This highlights the importance of effective strategic communication aimed at improved understanding of and increased credibility for the EU among citizens across the EaP, as well as better knowledge among EU citizens of the EaP.¹

Although a multi-stakeholder approach has been taken while defining actors involved in implementation of the document, the main focus of this assessment is on activities of Georgian government influencing the general media environment and their conformity to international standards.

Present Status: Media Environment and Resilience Building

Georgia remains a "partly free country", according to the Freedom House *Freedom in the World 2019 Index*². In another rating concern over the government's attempts to impose more control over freedom of expression has brought a slight slippage in the IREX *Media Sustainability Index (MSI)*³, where the country score has fallen from 2.31 in 2018 to 2.25 in 2019.

The recent EU Association Implementation Report on Georgia⁴ points out that Georgia's media landscape is still polarized and that a change in ownership of media group Rustavi 2 (which had been critical of the government), following the European Court of Human Rights (ECHR) ruling, impacted the overall media environment. That report puts emphasis on the fact that the Prosecutor's Office launched investigations into cases involving the owners/managers of several media outlets, namely the newly established Main Channel and Formula and also V Pirveli.

Another channel, also critical of the government, the highly respected Adjara Public broadcaster, (praised by ODIHR and EU-UNDP⁵ as an impartial media source) has also experienced multiple problems. This started with the impeachment of the general director in 2019 (who was dismissed) and was followed by key staff changes⁶ in the newsroom, This culminated with a street protest by the journalists, who accused the new company general

1 European Commission, Brussels, 9.6. 2017. Joint Staff Working Document. Eastern Partnership - 20 Deliverables for 2020. page 6. <https://bit.ly/2xMHTsn>

2 <https://freedomhouse.org/report/freedom-world/2019/georgia>

3 IREX Media Sustainability Index (MSI) 2019, p.3. <https://bit.ly/2ytBVwq>

4 European Commission, Brussels, 6.2.2020. Joint Staff Working Document. Association Implementation Report on Georgia <https://bit.ly/2VLSNGP>

5 U.S. Embassy statement regarding developments at Adjara Public Broadcaster (April 18)

<https://bit.ly/2VSAOhP>

6 Reporters Without Borders (RWB) expressed concern over the resignation of deputy director of Adjara Public Broadcaster and assessed this fact as a growing political pressure on state-owned media in Georgia. RWB, February 5, 2020. Georgian TV channel's deputy director resigns under pressure <https://bit.ly/2Kiruyt>

director of censorship⁷.

The Freedom of Net 2019 index remained stable in 2019 (75/100)⁸ and Georgia continues to be rated as among internet free countries. However, based on local watchdog organizations' findings, a Freedom House report indicated a problem of government-affiliated fake accounts and groups on social media distorting the information landscape by spreading misinformation.

In December 2019, Facebook imposed sanctions on Georgian Government-linked pages for 'coordinated inauthentic behavior' and removed hundreds of them⁹. That was the first round, and then in 2020 Facebook removed not only government affiliated accounts, pages and groups due to Coordinated Inauthentic Behaviour (CIB) but sites affiliated with the opposition Party UNM. Additionally, as well as the domestically generated campaigns, Facebook revealed that there had been CIB on the Kremlin affiliated networks NewsFront and SouthFront propaganda sites operating from Russia-occupied Crimea.¹⁰

The Government's Human Rights Action Plan 2018-2020 has still failed to deliver adoption of the law on Access to Freedom of Information (FOI)¹¹. This is aimed at improving FOI standards¹² and extending the circle of those entities that are required to issue public information.

Under the pretext of implementing the EU Association Agreement, (in line with the EU's 2010 directive) the Georgian National Communication Commission (GNCC) initiated a bill authorising it to review decisions by self-regulatory entities. A coalition of Georgian CSOs harshly criticised¹³ the bill and expressed doubts about its real goals, implying that this was an attempt to increase government control. According to their statement, implementation of the EU's directive is feasible through the strengthening of media self-regulation rather than taking steps that could increase the risk of state censorship.

As part of resilience-building efforts at the end of 2017, the Georgian Parliament introduced amendments¹⁴ to the legislation ascribing the function of development of media literacy programs to the GNCC. In October of 2018, the GNCC launched the Media Literacy Development Department and tasked it with raising the media literacy awareness of citizens.¹⁵ However, the GNCC media literacy approach is not based only on resilience-building of media consumers, but on education of journalists, which raises questions among CSOs. The Media Academy founded by the GNCC runs training for journalists and recently launched an online platform - Media Critics¹⁶ - which is perceived among CSOs as a tool to scrutinize content of critical media outlets.¹⁷ The discredited campaign against the anchor of TV Pirveli through pro-government, anti-liberal pages on Facebook were backed up by a sponsored article in GNCC's web-portal on Facebook¹⁸.

7 OC-Media, December 6, 2009. Journalists from Adjara's public broadcaster protest 'interference' from new director <https://bit.ly/3eE-hoFW>

8 <https://www.freedomofthenet.org/country/georgia/freedom-on-the-net/2019#B5>

9 Facebook, December 20, 2019. Removing Coordinated Inauthentic Behavior From Georgia, Vietnam and the US; <https://bit.ly/2xLptZ9>

10 Facebook, May 5, 2020. April 2020 Coordinated Inauthentic Behavior Report <https://about.fb.com/news/2020/05/april-cib-report/>

11 ადამიანის უფლებათა დაცვის სამთავრობო სამოქმედო გეგმის შუალედური ანგარიში, 2018 <https://bit.ly/2SBG7Rg>

12 MDF (2015) Media Freedom 2015. <http://mediameter.ge/sites/default/files/report-eng-final-0503.pdf>

13 <https://civil.ge/ka/archives/308482>

14 Amendments to the law on Broadcasting. Article 14(1). <https://bit.ly/2yxFi5m>

15 <https://matsne.gov.ge/ka/document/view/4345160?publication=0>

16 <https://mediacritic.ge/>

17 Giorgi Mgeladze, former director of the Georgian Charter of Journalistic Ethics, journalists' self-regulatory union sees a strong conflict of interest in regulator taking up the role of a critic <https://civil.ge/archives/334746>

18 Myth Detector, (2 April, 2020). "Regulator's "Sponsored Criticism", "Pro-Government and Antiliberal Pages against Sanaia" <https://bit.ly/3bMHCn2>

Mamuka Andguladze, Transparency International Georgia's media program manager,¹⁹ thinks that the media criticism platform under GNCC is an indirect attempt to create a parallel institution to the Georgian Charter of Journalistic Ethics (GCJE). The GCJE is an independent union of professional journalists accountable to the public and the profession. Data provided by the GNCC²⁰ also indicates problems associated with its Media Literacy Strategy and the accompanying Action Plan²¹ showing them as lacking clearly identified indicators and target groups: some activities are conducted in Tbilisi-based private and public schools, while none are held in minority settlements. The GNCC has not taken into consideration the recommendation²² made by a group of CSOs to consider the vulnerability of minority populated areas, which are under the direct influence of Russian information channels and lacking access to Georgian media sources due to the language barrier.

As regards to media consumption habits, TV remains the most popular source of information in Georgia (69% - first source; 16% - second source), while the internet/Facebook is way behind (24% - first source; 25% - second source)²³. Minority settlement residents trust non-Georgia TV channels (31% - Az TV; 13% - Armenian TV) more than Georgian-language local or national broadcasters, which might be explained by language barrier.²⁴

Though Russian propaganda (10%) is listed among the top national security threats,²⁵ early polls²⁶ illustrated that disinformation is more affiliated with Georgian media outlets rather than with Russian ones.²⁷

EU. The EU runs a number of projects to counter pro-Kremlin disinformation and develop response mechanisms in EaP countries, including in Georgia²⁸. Alongside resilience-building activities, it supports programs to strengthen local media and the plurality and quality of reporting.²⁹

Strategic Communication

State actors. On April 13, 2017, the Georgian government approved a new Communication Strategy on Georgia's Membership to the EU and NATO for 2017-2020³⁰. Unlike the previous document, adopted in 2013, this newly developed policy paper acknowledged for the first time ever continued information warfare threats stemming from the Russian Federation against Georgia and other partner countries. Consequently, the stated goal of the Communication Strategy is to counter Russian propaganda on the one hand and raise the awareness of the EU and NATO among Georgian citizens on the other. Along with national-scale activities, the document defines actions that Georgia should carry out in order to receive more support for the country's Euro-Atlantic aspirations from its partner countries.

The central body coordinating strategic communication on EU and NATO integration is the Government of Georgia, while parliament is responsible for monitoring its implementation

19 Interview

20 Trainings for teachers and pupils conducted in 3 cities of Georgia (Rustavi, Sagarejo, Tbilisi).

21 მედიაწიგნიერების განვითარების ხელშეწყობის სამოქმედო გეგმის დამტკიცების შესახებ (25 July, 2018). <http://www.gncc.ge/ge/legal-acts/solutions/2018-331-21.page>

22 Comments of nongovernmental and media organizations on the draft Strategy and Action Plan for the Development of Media Literacy, June 20, 2018. http://mdfgeorgia.ge/eng/view_statements/462

23 NDI, December 2019, Public Attitudes in Georgia. <https://bit.ly/2xJj9Bg>

24 Caucasus Barometer. <https://caucasusbarometer.org/en/nn2019ge/TRUMTVINFO-by-ETHNOCODE/>

25 NDI, CRRC, April 2019, Public Opinion Polls in Georgia, page 44 <https://bit.ly/3exB7qW>

26 NDI, CRRC, March 2018, Public Opinion Polls in Georgia <https://bit.ly/2Kk8Fed>

27 68% believes that Georgian TV Stations often spread disinformation vs 45% of respondents thinking that Russian TV channels are often spreading

28 East StratCom Task Force, November 2015. <https://bit.ly/3cDXIAx>

29 Open Media Hub, 2016-2019. <https://bit.ly/2Vq03r> EU Prize for Journalism <https://bit.ly/34QpruR>

30 "ევროკავშირსა და ნატოში საქართველოს გაწევრიანების კომუნიკაციის შესახებ საქართველოს მთავრობის სტრატეგია," 2020 2017, Legislative herald of Georgia, 2017, 13 April. Retrieved February 8. Available in Georgian <https://bit.ly/2RSkRau>

through midterm (6 months) and annual reports³¹.

Although the document states that the whole government approach applies to the implementation process, a recent report³² of the Thematic Inquiry Group on Disinformation and Propaganda of the Foreign Relations Committee of the Parliament of Georgia indicates that there is a lack of effective mechanisms in place. According to the Parliamentary Inquiry Group, “there is no cohesive structure and system for coordination”. At the same time, it should be underlined that parliament fails to fulfill its oversight function to monitor implementation of strategic communication action plans and this part is omitted in the report of the Inquiry Group.

The State Minister for European and Euro-Atlantic Integration, which was merged with the Ministry of Foreign Affairs in 2017, is still in charge of development of annual action plans and its implementation reports (midterm and annual), according to the government order³³. Annual action plans, and midterm and annual reports should be made public, according to the Prime Minister's order on communication strategy. However, neither the action plans, nor their implementation reports, are available publicly. Moreover, the government did not provide the relevant documents under a freedom of Information request for the purpose of this report and an administrative complaint has been filed asking for the relevant information. Due to these limitations and lack of publicly available data, a full assessment of the practical performance of the government's strategic communication actions is not possible.

The exception is the Information Center on NATO and the European Union unit, which is subordinated to the Ministry of Foreign Affairs, and has published annual reports since 2015. The Annual Report 2018³⁴ provides data on different target groups' tailored activities and the outreach of these activities.

Target groups	# of people	# of events
Pupils, students	15700	355
Representatives of local self-government/public servants	2500	55
Ethnic minorities	2000	37
Pupils	780	28
Population residing near the occupation line	315	11
Farmers, entrepreneurs	430	10
Media	300	10
Teachers		
Clergy	100	6
Security Sector Representatives	450	6
Public at large (3 or more target groups simultaneously)	15200	115

Source: Information Center on NATO and EU

As in previous year,³⁵ the activities of the Center are focused on the most vulnerable groups (clergy, ethnic minorities) and multipliers (pupils, students).

EU. In order to strengthen strategic communication, the EU Commission, EEAS East Strategic Communication and EU Delegation in Georgia are implementing various activities,

31 *ibid.* Chapter 4. Implementation Mechanism. Institutional Framework

32 Thematic Inquiry Group on Disinformation and Propaganda of the Foreign Relations Committee, Parliament of Georgia. Strengthening State Policy to Address Anti-Western Disinformation and Propaganda in Georgia. http://www.parliament.ge/ge/ajax/downloadFile/136132/Dis-info_Report_28.01_2020_ENG

33 საქართველოს პრემიერმინისტრი, “ევროკავშირსა და ნატოში საქართველოს გაწევრიანების კომუნიკაციის შესახებ საქართველოს მთავრობის სტრატეგია,” 2020 2017, <https://bit.ly/2RP7NCn>

34 Lepl Information Center on NATO and EU, Annual Report 2018. <https://bit.ly/2VHE4g7>

35 Lepl Information Center on NATO and EU, Annual Report 2017. <https://bit.ly/2yp3U0h>

including regional campaigns “Stronger together”, “EU4Georgia³⁶” and “Young European Ambassadors”.³⁷

EU perception. To measure if targets defined by the Deliverable are being achieved, the EU conducts regular surveys in the six EU's Eastern Partner countries. The latest annual survey report for Georgia³⁸ shows that 80% of Georgians feel relations with the EU are good. The EU is regarded as a most trusted foreign institution by 71% of Georgians (unchanged since 2018); 50% of Georgians have a positive image of the EU, while only 4% have a negative one; 74% of Georgians (up 16% since 2017) are aware of the EU's financial support to the country, and 62% consider the support to be effective. The most well-known EU-sponsored programs are educational (41%), infrastructure development projects (40%) and health and medicine related (38%). EU programs on culture (10%, down 18% since 2018), justice and policy reforms (8%) and ‘energy efficiency’ (2%) are less known among interviewed respondents.

FIGURE 11 – Which specific programme(s) do you know? (Q2.6.1, multiple answers possible)
(Percentages refer to Georgians who were aware of specific programmes financed by the EU)



Source: EU Neighbours Est survey

As the Caucasus Barometer 2019 data indicates, the minority settlements are less supportive of Georgian government's stated goal to join the EU (56% approve, 12% disapprove; 27% - don't know (DK)), compared to Georgian settlements (84% approve, 10% disapprove; 6% - DK).³⁹ The survey on knowledge of and attitudes toward the EU in Georgia, 2019⁴⁰ also shows that people in rural areas are more likely to believe that the EU threatens Georgian traditions (12% - fully agree, 40% - rather agree than disagree) than in capital (8% - fully agree, 27% - rather agree than disagree), while a significant number of people from minority settlements have no answers to these questions (39% - DK). It should be noted that a significant number of people among minorities receive information from informal sources (8%-neighbors/friends, 9% - family members, 4%- colleagues).⁴¹

Conclusions and Recommendations:

Georgia enjoys a functioning and a relatively free pluralistic media environment among countries in the region, however the situation still remains fragile and vulnerable to political or ownership changes. Resilience-building attempts by the Georgian government (media literacy unit under the GNCC) are weak, reflecting a domestic political agenda instead of focusing on the information-influencing operations emanating from the Kremlin. Though the Georgian Government is a central coordinating body for strategic communication, there is

36 20 Deliverables for 2020 Monitoring – State of Play March 2019 <https://bit.ly/3ezr70l>

37 Young European Ambassadors <https://bit.ly/2RRX628>

38 EU Neighbors Est, 4th Wave (Spring 2019), Annual Survey Report. <https://bit.ly/34RV8Eo>

39 NDI: Public attitudes in Georgia, November-December 2019 <https://bit.ly/2xAHAup>

40 Knowledge of and attitudes toward the EU in Georgia, 2019 <https://bit.ly/2VnW8Np>

41 NDI: Public attitudes in Georgia, November-December 2019 <https://bit.ly/34Urqyj>

no evidence suggesting that the government's stratcom fulfills its duty nor that EU integration is a priority topic in internal discourse while targeting the local population.

Media

- International organizations should remain vigilant and address threats to media freedom and pluralism, especially in light of the upcoming 2020 parliamentary elections.
- There is a need to establish close cooperation with Facebook in order to apply advertisement transparency rules to Georgia ahead of the parliamentary elections 2020 and respond rapidly to misuse of social networks and manipulation of public opinion.
- The Georgian National Communications Commission should focus on resilience-building of media consumers rather than on educating journalists on content related issues which can be discussed in the format of media self-regulation. The GNCC should use its resources to target the most vulnerable groups (ethnic minorities) and clearly define the priorities.

Strategic Communication

- There is a need to create a format involving all stakeholders in order to agree on the most effective model for ensuring that the government applies rapid response mechanisms on information influencing activities of external actors and develops and promotes a positive Euro-Atlantic agenda.
- Parliament should fulfill its oversight role to make the government accountable for the implementation of strategic communication action plans.
- The EU, international organizations and local CSOs should pay more attention to minority settlements and rural areas where awareness on certain topics are relatively limited and use diverse means of communication, including informal ones, instead on focusing solely on new media

STRONGER ECONOMY

Economic Development and Market Opportunities

4

Improve the Investment and Business Environment and Unlock Small and Medium-Sized Enterprises' (SMEs) Growth Potential

David Tsiskaridze, Chairman, International Business and Economic Development Center

Improvements to the business and investment climate and the growth of small and medium-sized companies are the main objectives of the EaP's 4th Deliverable, unlocking these through changes in regulations and key measures adopted in line with the EU4Business initiative¹. Georgia has undertaken significant structural reforms, putting in place various SME support and development policies during 2018-2019, in line with the following Deliverable 4 and objectives and indicative work plan to reach the targets set for the Deliverable. The government recognises that, notwithstanding the fact that SMEs constitute the largest share of operating enterprises, their contribution to GDP is still very low and their performance remains weak.²

What Has Been Done

Georgia's growth and resilience through the turbulence of the last years, suggest that structural reforms have been bearing fruit in terms of better economic outcomes.

The ongoing and planned reforms should be directed at structural transformation of the economy, inclusive access to economic opportunities, enhancement of productivity and effective utilization of country's competitive advantages. To accelerate economic growth and make it more inclusive, the government has an on-going programme of structural reforms to promote investment, increase productivity and private sector investment and generate new employment opportunities. The most recent include:

- Pension reform: In January 2019, a state-run contributory pension scheme was introduced. The government believes that this pension reform will have important economic implications, encouraging savings and productivity and promoting the development of long-term local currency funding for Georgian companies. There have been doubts in some quarters on Georgia's capacity to manage such a fund effectively, concern on a lack of clear strategy for the fund's use and its potential profitability -how to achieve the latter with the country's limited investment options. However, the accumulation of contributions started from January 2019 and the system has 717,860 participants (42% of the total labor market).³
- Capital market development: Provision of long-term low-cost finance has for some time posed policy dilemmas for the Georgian government. While domestically the accumulation of capital has continued, the flow of money being boosted by the country's economic development and now the new Georgian pension fund, there has been a lack of long-ter local-currency funding for SMEs⁴ and this problem has been worsen-

1 European Commission: Adopted Work Program of EaP Platform 2 Economic Development and Market Opportunities, available at: <https://bit.ly/325ScVI>

2 Ministry of Economy and Sustainable Development of Georgia 2016-2020, SME Development Strategy of Georgia, available at: http://www.economy.ge/uploads/files/2017/ek_politika/eng_sme_development_strategy.pdf

3 As of today, total value of pension assets constitute GEL 547 million, available at: <https://www.pensions.ge/>, accessed on 01.22.2020

4 European Investment Bank, Georgia

Neighbourhood SME financing, February 2016, available at: https://www.eib.org/attachments/efs/economic_report_neighbourhood_sme_financing_georgia_en.pdf

International Finance Corporation, IFC Helps Boost Access to Finance for Smaller Businesses and Women Entrepreneurs in Georgia, n.d., available at: <https://ifcextapps.ifc.org/IFCExt/Pressroom/IFCPressRoom.nsf/0/AD6BC65F2697FCA285258450002FDA08>

ing. Meanwhile on the other hand, the demand for the long-term domestic capital is increasing. Therefore, in order to efficiently connect these two major macro-economic trends and to ensure the productive capital circulation process, the reform aims to improve access to long – term financial resources, foster investment in the economy and increase resilience of the financial system against external economic shocks, the following reforms have been put in place:

- To minimise financial market risks the Law on Financial Collateral, Netting and Derivatives has been approved by the parliament; to help the creation of funds and encourage saving the Investment Funds Law is being finalised by the main stakeholders and will be submitted shortly to the parliament for further discussion and adoption;
- To give confidence to investors in Georgian companies via bonds the Law on Securities Holding is being reviewed by the stakeholders and should be introduced to the parliament shortly.

Public-Private Partnership (PPP) reform was implemented in 2018 to promote investment and enhance cooperation between state and private sectors⁵. The reform is important step forward to: enhance the efficiency of projects; attract private financing; enhance the efficiency of public finances; facilitate the sharing of risks between the public and private sectors; benefit from the know-how of a private partner as well as increase efficiency and productivity of public infrastructure/services and supporting adequate risk allocation.

- In order to further improve the business environment the government, working with the international financial institutions (IFI's), is reforming the Insolvency system. This focuses on rehabilitation of viable firms, but if rehabilitation is not possible then it allows for rapid enactment of bankruptcy procedures. The bill significantly improves the quality of protection of creditors' rights, and to help further a new draft law on "rehabilitation and collective satisfaction of creditors", is expected to be submitted to the Parliament shortly.

- Profit tax reform, which entered into force in January 2017, considerably reduced the tax burden for business and private sector, introducing a zero tax rate on retained and reinvested corporate profits to encourage expansion of business activities. This cut the actual tax burden from 16.4% to 9.9% and placed Georgia at No. 3 on the World Bank tax index of low-tax countries.

SME Support

The institutional and regulatory framework for SME policy in Georgia has seen several changes for last years. In particular, The SME Development Strategy 2016-2020 has been adopted, setting out 33 priority actions to be taken in important areas for SME development such as improving legislation, institutional and regulatory frameworks and the operational environment, as well as widening access to finance, developing entrepreneurial skills, broadening internationalisation and supporting innovation activities.

The strategy is based on the principles of the "Small Business Act for Europe", including the key "think small principle" and best practices of EU countries in terms of SME development policies.⁶

⁵ The new Public-Private Partnership Law and Ordinance of the Government of Georgia about approval of the procedure for elaboration and implementation of Public Private Partnership project enacted since 2018, as well as established LEPL Public Private Partnership Agency, available at: www.ppp.gov.ge, <https://matsne.gov.ge/document/view/4193442?publication=0>

⁶ The draft strategy was successfully evaluated within the format of the Eurasian Competitiveness Roundtable within the OECD Eurasian Week (25 November 2015). Ministry of Economy and Sustainable Development of Georgia, available at: http://www.moesd.gov.ge/uploads/files/2017/ek_politika/sme_strategy_2016_2020_eng.pdf

The National Statistics Office of Georgia (Geostat) revised its SME definition in 2017 to comply with EU standards and increase international comparability. The new Georgian definition provides for lower thresholds for both the number of employees and the total turnover of the company⁷. The importance of SMEs to Georgia is that GeoStat now shows that 99.7% of all firms in Georgia in 2018 were SMEs, accounting for 64% of business sector employment and 61% of value added.

National Statistics Office of Georgia figures show SME growth:

- Average annual growth of SMEs on output: target - 10% by 2020, result - 13.5% in 2014-2018;
- Growth of number of employees in SMEs: target - 15% by 2020, result - 31.8% in 2018;
- Productivity growth: target - 7% by 2020, result - 4.5% in 2018.

Georgia is doing well in international rankings; having new entered the top ten in the World Bank's Doing Business report. Georgia significantly improved its position in the Doing Business 2019 report from the World Bank, coming in at 6th place out of 190 countries, moving up from the 9th position.

Georgia is the leader among the countries of the Eastern Partnership in the small and medium enterprises policy index, according to the Ministry of Economy of Georgia.

Out of 12 indicators, Georgia received the best rating in nine in an OECD study. However, its rating was downgraded in the World Economic Forum's Global Competitiveness Index in 2019, coming in at 74th among 141 countries, down from 66 in 2018.

To grasp business opportunities in the ever changing and highly competitive marketplace, strengthening SME competitiveness represents the important source for economic growth and employment generation. SME development is vital to economic growth but ⁸ and in recent years the competitiveness and economic activity of SME sector has significantly increased, however access to finance still remains a significant problem for SME sector. To address this, the Georgian government introduced Credit Guarantees, the most widely used and efficient mechanism adopted in government support programmes world wide to boost for SME lending.. It was adopted as credit guarantee scheme by the Ordinance issuing in 29/03/2019⁹ that aims to address specific market failures, support risk diversification and credit supply growth, thus having positive impact on economic growth, but not implemented yet as the scheme is waiting for the financial institutions to build the necessary infrastructure and provide the software.

Remaining challenges

Although Georgia has taken the initiatives listed and made progress in addressing the goals of Deliverable 4 and Work Program Platform 2 problems remain: unemployment, lack of a skilled workforce, a significant trade deficit, external vulnerabilities and currency fluctuations and the attendant financial risks. All these call for further policy actions and structural reforms.

Also, one of the main goals of the work program and dDeliverable 4 has not been met,

⁷ OECD iLibrary, Chapter 10. Georgia: Small Business Act country profile, n.d., available at: <https://bit.ly/31OrwrU>

⁸ The World Bank, Small and Medium Enterprises (SMES) Finance, n.d., available at: <https://www.worldbank.org/en/topic/sme/finance>.

Ministry of Economy and Sustainable Development of Georgia, SME Development Strategy of Georgia 2016-2020, available at: http://www.economy.ge/uploads/files/2017/ek_politika/eng_sme_development_strategy.pdf

⁹ საქართველოს მთავრობის დადგენილება №163 საკრედიტო საგარანტიო სქემის სახელმწიფო პროგრამის დამტკიცების შესახებ, 2019, ხელმისაწვდომია: <https://matsne.gov.ge/document/view/4523390?publication=0>

due to an absence of strategies for investment and expansion of Georgia's financial markets. This should be encapsulated in a Policy Framework for Investment in Georgia, which should give an opportunity to the country to mobilise private (domestic and international) investment and support steady economic growth and sustainable development. and thus contribute to the prosperity of countries and their citizens and the fight against poverty.

Then, too, the pension reform will struggle in its attempts to reduce poverty. Although pension reform is an important and much needed projects it lacks public trust. During the past 40 years the local population has suffered at times from hyperinflation and that still lives as a tragic memory and experience. Certainly, long-term investment is required to rebuild people's trust toward the state, but the current lack of transparency does not create the grounds for confidence in such funding.

Access to finance is one of the major factors hindering further development of SMEs in Georgia, as has been stated The absence of the appropriate institutions such as Loan Guarantee Funds, venture capital, business angels, stock markets, and crowd funding that can increase access to financing , has an adverse impact on the development of startups and SMEs. Small entrepreneurs and small farmers still face serious barriers in gaining access to necessary finances, one of such barriers being that their poverty results in inability to show adequate assets as collateral for guaranteeing bank loans.

Links with AA

The reforms put in place by the Georgian government for SME development and the taxation and financial market reforms are in line with the priorities of the AA's Agenda 2017-2020 and the EaP Deliverable 4 and are compliance with European directives and standards. ¹⁰

Conclusions and Recommendations

Georgia is trying to take full advantage of opportunities to integrate its economy with the EU through the Deep and Comprehensive Trade Agreement (DCFTA), but there is still a lot to be done to support SMEs in access European markets. Structural reforms should make Georgia's economy less vulnerable to external influences and to bring additional economic benefits, thus boosting economic growth, investments and employment. At their current stage, the reforms overall can be assessed as positive. However, it is essential that the process should not stop here. Areas that need continued attention include: to make it more effective, better adjusted to existing needs/challenges of business sector, implementing the introduction of more practical tools/mechanisms to attract investment and access to finances for SMEs, and help SMEs to access the EU markets.

- Transition of Georgia to demand-driven economy is a complicated and long-lasting process, closely tackled to economic growth and social challenges. The investments are main driver and playing key role in this regards. The Government should design an proper investment policy and strategy and a full-scale country development plans-strategy, while taking into consideration macroeconomic trends and tendencies in the field of investment, that reflects the background economy, the capital flows, industrial sector opportunities, manufacturing capacity and skills, Georgia's position relative to other countries and forecasts that are available for these. Then the plan should be implemented on a well-ordered development timetable.

¹⁰ Ministry of Foreign Affairs: Georgia's European Union Integration Roadmap RoadMap2EU, available at: <https://bit.ly/2O0nCUL>

- The governmental investment policy aspects, investment climate, the dynamics of investments flows, capital revenues, investments' share in GDP, the structure of investments in term of countries, sectors, to smoothly leverage its steps and approaches.
- It is critically important to create Loan Guarantee Funds even as a pilot project. Therefore, it is necessary to start discussion among all the interested parties/stakeholders, consider the various loan guarantee schemes that are used in different EU countries. Also, to support access to finance for small farmers and start-ups and evaluate the application of such schemes to the local conditions/realities of Georgia, with the aim of eventual formulation of the appropriate approach and development of acceptable model that will lead to the initiation of a pilot project for supporting improved access to loans for small farmers an start-ups in Georgia.
- The EU's experience in supporting its own SMEs might help the further development and improvement of the situation in Georgia. Especially, instruments such as the European Investment Fund (EIF) or the InnovFin SME Guarantee Facility seem to be pertinent.
- The new 2021-2027 programme for the Competitiveness of Enterprises and Small and Medium-Sized Enterprises (COSME) and European Programme for Employment and Social Innovation PROGRESS Axis Incubators (Business support organizations) aimed at building social entrepreneurship would make it easier for Georgian SMEs to access loans and equity finance if the Georgian government should decide to join these programmes.

5

ADDRESS GAPS IN ACCESS TO FINANCE AND FINANCIAL INFRASTRUCTURE*Giorgi Kepuladze, Incorporator/Chairman of the Board, Society and Banks***Present status**

Georgia has established a strong record of reforming its economy and raising the living standards of its citizens, says the World Bank. Between 2010 and 2019, Georgia's GDP per capita grew at an average annual rate of 4.8 percent, helping nearly halve the poverty rate from 37.4% over ten years to 20.1% in 2018 and to improve living conditions. In the Bank's Doing Business 2020 report, thanks to its low-taxation, minimal bureaucracy and entrepreneurial business strategies, Georgia remained one of the most business friendly countries globally, ranking 7 out of 190 countries.¹

At a micro-level, Georgia is also recognised as having made further progress "from an already strong position" according to the Organisation for Economic Cooperation & Development (OECD), by adopting a "more strategic approach to small and medium-sized entrepreneurship since 2016 through targeted initiatives".² This conforms to Georgian's obligations under the European Union (EU) Association Agreements (AA) and the 20 Eastern Partnership Deliverables for 2020 and its responsibilities to small and medium sized businesses (SMEs).

Conformity to Eastern Partnership programs to encourage sustainable development and the market economy is being increasing driven by the Government of Georgia (GoG) and National Bank of Georgia (NBG) action and support in the form of new legislation and institutional frameworks. Given the importance of SMEs - the OECD refers to the weight in the Georgian economy of SMEs, as they "accounted for 99.7% of all firms... and by 2018 64% of business employment and 61% of added value" - they are central to EU, donor and GoG economic development strategy.³

What Has Been Done

Georgia has now established "a well-structured and advanced institutional and regulatory framework for SME policy", the OECD states.⁴ Since 2016, Georgia has approved and is currently implementing a multi-year SME Development Strategy and has made operational key public agencies to support SMEs under the authority of the Ministry of the Economy and Sustainable Development - Enterprise Georgia, which manages the country's main enterprise development programs, the Agricultural and Rural Development Agency (ARDA) and the Georgian Innovation and Technology Agency (GITA). These supply services to aid SME growth, including training and financial support.

In line with EU requirements, the GoG has developed a National Action Plan to implement the DCFTA's requirement that it initiates reforms to encourage SME development, their quest for finance and also to provide technical assistance. This has been accommodated by the Ministry of Economy and Sustainable Developments mandates for Enterprise Georgia, GITA and ARDA and legislation relating to agriculture (an important SME sector), financial markets and SMEs.

1 The World Bank, Country Context, 2020, available at: <https://www.worldbank.org/en/country/georgia/overview>

2 EBRD, ETF, EU, OECD, Georgia: Small Business Act country profile, 2020, available at: https://www.oecd-ilibrary.org/development/sme-policy-index-eastern-partner-countries-2020_fcc42977-en

3 Ibid.

4 Ibid.

Out of EUR 200 m committed to new finance programs since end-2016 it was ensured that around 50% be in local currency lending as part of the authorities' de-dollarization strategy. According to the reports of Ministry of Economy and Sustainable Development, within its "Produce in Georgia" program, Enterprise Georgia has co-financed or technically supported:

- 86 projects worth of GEL 256.7 m in 2017
- 102 business projects worth of GEL 219 m in 2018
- 101 business projects worth of GEL 166.5 m in the third quarter of 2019

GoG agencies, together with Enterprise Georgia, GITA and ARDA, are also co-financing SMEs. Enterprise Georgia gave grants to 5,604 micro and small business totalling GEL 42.8 m from 2016-2018, Loan subsidies from 2017 to 2019 went to 289 business projects and totalled GEL 642.2 m (including industrial component, hotel industry component and technical assistance).

ARDA, which provides co-financing of agricultural projects, financed 263 projects in the period from 2016 to November 2019 valued at around GEL 41 m GEL. GITA is implementing financing programs for commercial development as well as R&D and offers small grants up to GEL 5000 GEL (63 projects were financed with around GEL 258,000 from 2016 to 2019). It also offers Innovation Matching Grants and has co-financed grants for start-ups and 60 projects, spending GEL 8.1m, since 2018.)⁵

Through Horizon 2020, the EU's largest research and Innovation program, EUR 130 m has been made available in loans, leading to the creating of an estimated 10,300 jobs.

Remaining Challenges

However, the ADBI observes, there barriers to finance remain despite work done to date for SMEs from both the supply and demand side, and the regularly framework, gender and cultural issues can cause blockages. Locally, research done by Georgia's independent policy research and training groups ISET-Policy Institute and by the Economic Policy Research shows there is still need, too, for improved access to information and capital for production and exports.⁶

The main SME finance sources in Georgia are banks and micro finance organisations, government, donors and funds that provide finance for SMEs. However, the flow of funds other than from banking is very limited and there is little competition since the capital market is underdeveloped.

The latter gives rise to unfavorable conditions - in 2017, according to an OECD report, 58% of legal entities loans were secured by collateral and one study found Georgia charging the highest rates among less developed countries. SMEs have been attracted therefore to borrow in dollars for to gain the lower interest rates.⁷

According the ADBI a World Bank Enterprise Survey has found that "interest rates are one

5 OECD, Monitoring Georgia's SME Development Strategy 2016-2020, 2019, available at <https://bit.ly/3az2zkP>
DCFTA, Action plans and Annual Reports, Strategic Document, State Agencies, n.d., available at: <http://www.dcfta.gov.ge/en/implementation>;
EPRC, RESULTS OF GEORGIA'S EXPORT POLICY, Evaluation of export promotion component of the action plan for the implementation of Association Agenda, 2019, available at: http://eprc.ge/uploads_script/publication/EXPORT%20POLICY_ENG_web.pdf; Agriculture and Rural Development Agency, available at: www.arda.gov.ge; Georgia's Innovation and Technology Agency, available at: www.gita.gov.ge

6 Reformeter, მცირე და საშუალო ბიზნესის განვითარება, n.d., available at: https://reformeter.iset-pi.ge/system/reform_survey_reports/23/ka/SME_3.pdf

7 Khishtovani, G., Saghareishvili, M., and Basilidze S., Leveraging Small and Medium- Sized Enterprise Finance through Value Chains in Georgia. ADBI Working Paper 968. Tokyo: Asian Development Bank Institute, 2019, available at: <https://www.adb.org/publications/leveraging-sme-finance-through-value-chains-georgia>

of the main factors leading Georgian SMEs not to apply for loans". Other factors were lack of information about government programs, insufficient land to meet qualification for GoG programs and lack of business plans. In addition, many farmers are not registered as legal entities, thus have no corporate financial accounts and must apply for retail loans as individuals, with little in the way of collateral this makes it difficult to obtain financing.⁸

On the supply side, financing institutions have been discouraged by low SME management skills, financial literacy, high levels of informal business relationships (i.e. no contracts) and lack of experience of new technologies.

That is not the only problem that need to be addressed, according to the ADBI⁹: major constraints include problems related to lengthy insolvency procedures, poor dispute settlement mechanisms, bottlenecks in the legislations related to the protection of property rights and business processes.

Steps need to be taken, also, suggests the OECD to ensure equal access with larger companies to information regarding the state funded programs and direct support measures. In order to streamline access to capital, IFI studies suggest that the government can establish favorable financing programs for SMEs by developing early-stage risk capital with special emphasis on relatively innovative start-ups and SMEs. Along with interest rate subsidies, further attention should, it said, be paid to the provision of the necessary collateral.¹⁰

Finance of exports, one of the key components of the Association Agreement, is also of concern for SMEs. This is a finding of Georgia's Economic Policy Research Centre (EPRC) survey "Results of Georgia's Policy" evaluating the export promotion component of the action plan for the implementation of the agreement.¹¹

Links with the AA

The SME Development and DCFTA in Georgia project has worked across five areas and contributed to the increased capacities of Georgian SMEs to adapt to the new realities created by the AA/ DCFTA between the European Union and Georgia. The project's interventions included measures on the strategic as well as the operational level, ranging from supporting GoG agencies in the elaboration of business support measures to helping SMEs across selected export-oriented sectors to improve their knowledge of international standards and best practices and connecting them international value chains.¹²

Georgian agencies are working with the EU through its ENPARD program to provide financial support for farmers, rare potential exporters among the mostly service company SME population, and this program has helped established 59 information centres.¹³

8 Enterprise Surveys, Finance, n.d., available at: <https://www.enterprisesurveys.org/en/data/exploretopics/finance>; Khishtovani, G., Sagharishvili, M., and Basilidze S., Leveraging Small and Medium- Sized Enterprise Finance through Value Chains in Georgia. ADBI Working Paper 968. Tokyo: Asian Development Bank Institute, 2019, available at:

<https://www.adb.org/publications/leveraging-sme-finance-through-value-chains-georgia>

9 Ibid.

10 EBRD, ETF, EU, OECD, Georgia: Small Business Act country profile, 2020, available at: https://www.oecd-ilibrary.org/development/sme-policy-index-eastern-partner-countries-2020_fcc42977-en

11 EPRC, საქართველოს საექსპორტო პოლიტიკის შედეგები, ასოციაციის დღის წესრიგის სამოქმედო გეგმის ექსპორტის ხელშეწყობის კომპონენტის შეფასება, 2019, available at: http://eprc.ge/uploads_script/publication/EXPORT%20POLICY_web-min_1.pdf

12 Euneighbours, SME Development and DCFTA in Georgia, Enabling Georgian Entrepreneurs to Benefit from the Free Trade Agreement with the EU, 2019, available at: https://www.euneighbours.eu/sites/default/files/publications/2020-04/smedcftage_finalreport_dp_0.pdf

13 EU, Facts and Figures About EU-Georgia Relations, n.d., available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eap_factsheet_georgia.pdf

Conclusions and Recommendations

The financial barriers faced by SMEs are common to emerging economies and the remedies well-rehearsed. The following are key recommendations¹⁴ :

- Support the diversification of financing to enable small businesses to access funding. This should include completing the reform of the legal and regulatory framework for leasing and factoring, and furthering the development of a framework for crowd-funding
- The GoG has a wide range of programs to support SMEs' development and to increase their access to finance. However, no monitoring and evaluation system of these programs exists. In order to increase the efficiency of programs, the GoG should establish such a system.
- Agro-insurance should be expanded by the GoG, in cooperation with insurance companies and should cover all agricultural products and cover biological, price, and institutional risks. This will ensure the stability of farmers' income and will improve the relationship between farmers and financial institutions, resulting in improved access to finance for farmers.
- Inclusion of financial institutions, other than commercial banks, in GoG programs: currently, microfinance organizations are not eligible to participate in GoG-initiated programs. These programs require financial institutions to have a current account and microfinance organizations do not have these.
- In order to achieve the goals set out in the "SME development strategy," the GoG should assess progress on improving SMEs' financial literacy in particular and provide necessary actions.
- Continue efforts to reduce the level of dollarization in the financial sector, in collaboration with international donors.
- Ensure that information on financial support schemes is disseminated to all SMEs.
- Adopt a comprehensive and proactive second-chance strategy for bankrupt entrepreneurs.
- An export trade financing program should be introduced to help SMEs increase involvement with the global value chains. The GoG promotes export through only technical assistance and helps SMEs to participate in international exhibitions and develop connections with foreign partners.
- Support entrance of international companies into Georgia to increase the chances for SMEs to get involved in global value chains and increase their access to finance.

14 Khishtovani, G., Saghareishvili, M., and Basilidze S., Leveraging Small and Medium- Sized Enterprise Finance through Value Chains in Georgia. ADBI Working Paper 968. Tokyo: Asian Development Bank Institute, 2019, available at: <https://www.adb.org/publications/leveraging-sme-finance-through-value-chains-georgia>; Schwab, K., "The Global Competitiveness Report 2019, World Economic Forum, 2019 <https://bit.ly/2Y1eUF5>;

Reformeter, მცირე და საშუალო ბიზნესის განვითარება, n.d., available at: <https://bit.ly/2yFiS2i>; Economic Policy Research Center, "Result of Georgia's export policy", 2019, available at: <https://bit.ly/3aFNDBK>

6

Create New Job Opportunities at the Local and Regional Level

Dr. Eka Kardava - Head, Association "European Time"

Present status: description of the status quo in the Georgian context

AA/DCTFA objectives are reflected in the goals of 20 Deliverables for 2020¹. Namely, chapter 13 of the DCFTA (trade and sustainable development) and chapter 14 of the title VI (Employment, social policy and equal opportunities) correspond to the purposes of the 6th deliverable - Create New Job Opportunities at the Local and Regional Level. The AA/DCFTA states that the sustainability and stability in the economy and trade should be achieved in a way that reinforces the social dimension. It is essential to intensify and diversify international trade and encourage investments in such a way as to contribute to development of the welfare of present and future generations, to be conducive to full and productive employment and decent work for all.¹ Georgia and the EU should cooperate and exchange information on a) employment policy, aiming at the creation of more and better jobs with decent working conditions with a view to reducing the informal economy and informal employment among other results; a) poverty reduction and the enhancement of social cohesion; b) promoting active labour market measures and efficient employment services, to modernise labour markets and adapt to labour market needs of Georgia and the EU.²

The 2018-2021 Regional Development Programme declares that only 42.3% of the employed population is hired (by an employer): 84.5% is in Tbilisi (capital), and 45.6% in Adjara. In all other regions, the number of employed persons is lower than the national average. The number of self-employed is higher than that of employed people;³ and there are sharp differences between regions in terms of economic and social development. Despite considerable efforts in recent years, the disparities have not been substantially overcome, and in many cases have even deepened.⁴

The Social-Economic Development Strategy of Georgia - "Georgia 2020" - approved by the Government in 2014⁵ states that about two-thirds of the workforce is self-employed. It states that: the number of unemployed and self-employed in the country is about 70% of the working population; economic growth has not ensured a significant reduction in poverty and productivity growth has been less affected by industry. The result is a very slow pace of employment growth.⁶

The National Strategy for 2019-2023 of the Labour and Employment Policy of Georgia approved by the government in 2019 states that the country's economy is growing by 5% annually. However, this increase is not reflected in employment growth, with the average employment rate at 56.3%⁷ in 2018.

According to the European Commission report on AA implementation by Georgia in 2019⁸

1 Article 227(1), 229 (1), chapter 13, title IV (DCFTA), Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, 2014.

2 Ibid, article 349, Chapter 14 (Employment, social policy and equal opportunities), Title VI.

3 Regional Development Program of Georgia for 2018-2021 years, Ministry of Regional Development and Infrastructure of Georgia, p.7, 10, http://www.mrdi.gov.ge/sites/default/files/2018-2021_clebis_sakartvelos_regionuli_ganvitarebis_programa_0.pdf

4 Ibid, p.10.

5 Resolution #400 of the Government of Georgia on the Approval of the Social-Economic Development Strategy "Georgia 2020", 17.06.2014, annex, <https://matsne.gov.ge/ka/document/view/237385?publication=0>

6 Ibid, p.12-13, 14, 27.

7 Resolution #662 of the Government of Georgia on the Approval of the National Strategy for 2019-2023 of the Labour and Employment Policy of Georgia, 30.12.19, annex, p.4, <https://matsne.gov.ge/ka/document/view/4761408?publication=0>

8 <https://eeas.europa.eu/sites/eeas/files/1_en_document_travail_service_conjoint_part1_v4.pdf>

unemployment remains high, at 11.1% (2nd quarter). With more than 40% of self-employed people in subsistence farming, unemployment (together with the wide regional disparities and a big skills mismatch) remains a major challenge. As regards industrial and enterprise policy, the Government continues to implement its strategy for small and medium-sized enterprises (SMEs). By August 2019, a total of 521 businesses had been supported under the “Produce in Georgia” programme, with a total of over GEL1.186 billion invested and more than 18270 new jobs created.

Remaining Challenges

The most commonly cited pressing problems in Georgia are unemployment (79%), the economic crisis (38%), low living standards and poverty (34%), low salaries and pensions (27%) and high prices and taxes (26%).⁹

Despite stable economic growth, there have not been any significant improvements in the creation of jobs, higher wages, or poverty reduction. Over the past decade, Georgia's economy has grown robustly and steadily. Unemployment, however, remains high, employment creation remains low, and the share of informal employment is 36.2%¹⁰ with the proportion of the population living under absolute poverty line at 20.1%.¹¹ Unfortunately, the impact of the country's economic growth on employment growth is not tangible and employment in Georgia, along with economic growth, is growing at a rate five times lower than in European countries.¹²

The Georgian population regards unemployment as the gravest problem facing the country today. Around 60% of Georgians consider themselves unemployed. Between 2012 and 2018, the number of people in work increased by 35,000, which is quite a low figure over a six-year period. The government cannot solve the unemployment problem by hiring more people in the public sector, as this will only lead to increased bureaucratic costs and a higher burden on the economy.¹³ Employment in the private sector (private ownership) is decreasing, but employment in the public sector (public ownership) is increasing, according to the National Statistics Office of Georgia¹⁴:

Distribution of population aged 15 and older by economic status (thousand persons)			
	I quarter 2019	II quarter 2019	III quarter 2019
Total population aged 15 +	3 029.2	3 043.4	3 044.1
Total active popul. (labour force)	1 933.2	1 937.5	1 902.8
Employed:	1 685.8	1 717.2	1 691.2
hired	847.9	861.3	855.7
Self-employed	837.4	855.1	835.3
Unemployed	247.5	220.3	211.6`
Population outside the labour force	1 095.9	1 106.0	1 141.2
Unemployment rate (percentage)	12.8	11.4	11.1

9 Annual Survey Report Georgia, 4th Wave (Spring 2019), OPEN Neighbourhood —Communicating for a stronger partnership: connecting with citizens across the Eastern Neighbourhood, ECORYS, supported by the EU, https://www.euneighbours.eu/sites/default/files/publications/2019-07/EUNEIGHBOURS%20east_AS2019report_GEORGIA.pdf

10 Ekaterine Kardava, Kateryna Yarmolyuk-Kröck, Liliana Palihovici, Labour and Social Justice, Too Little Too Slow - Why Employees in Georgia, Moldova, and Ukraine Do Not Benefit from the EU Association Agreements, Friedrich Ebert Stiftung, 2019, <http://library.fes.de/pdf-files/bueros/kiew/15773.pdf>

11 <https://www.geostat.ge/en/modules/categories/192/living-conditions>

12 Giorgi Chanturidze, Georgian Trade Union Confederation Policy Related to the Unemployment Problems in the Country, GTUC, 2019, http://gtuc.ge/profesiuli-kavshirebis-gaertianebis-politikis-shesakheb/#_ftnref9

13 Beso Namchavadze, Prospects for Overcoming the Problem of Unemployment, 28 October, 2019, Forbes Georgia, <https://forbes.ge/news/7287/Prospects-for-Overcoming-the-Problem-of-Unemployment>

14 During the process of this study, the questions were sent to the National Statistics Office of Georgia (application letter # 264, 27.01.20; the answer letter # &-270, 30.01.20).

Economic activity rate (percentage)	63.8	63.7	62.5
Employment rate (percentage)	55.7	56.4	55.6

Distribution of Employed Persons by type of ownership sector, 2017-2018, Thousand persons¹⁵		
	2017	2018
TOTAL	1 706.6	1 694.2
Public	283.8	299.8
Private	1 422.8	1 394.4

The main reason for the decrease in unemployment in the third quarter of 2019 is the decline in the number of those economically active in the population, which caused not only unemployment reduction but also the reduction of the employment level. Therefore, the decline of unemployment is not associated with any actual change in the country's economy, it is purely statistical¹⁶ According to the results from a December 2019 opinion poll,¹⁷ 19% of the Georgian population think that Georgia is going in the right direction, 24% believe that Georgia is not changing at all, 53% think Georgia is going in the wrong direction. With regard to the Ministry of Economy and Sustainable Development, 42% think that the performance of the Ministry is bad 10% think it good and; 30% that it is average.

These statistics and opinions are evidence of the poor work conditions or inefficient job-creation policies or both in Georgia. People feel vulnerable and such a situation puts at risk the implementation of "20 deliverables for 2020".

Inasmuch as the 6th Deliverable is a part of the key priority - creation of a stronger economy - it is essential to have a thorough study and analysis of economic growth correlated with job creation policies (which in turn should drive the growth of decent and stable employment). But nothing like this has been done by Georgia, or the EU.¹⁸ There is no in depth official survey related to the implementation of the 6th Deliverable. No Georgian official public body has studied and classified the job creation statistics: (Job creation index on regional and local level in Georgia - sectors, fields, duration, stability, real wages, dynamics etc)¹⁹.

Conclusions and Recommendations

Europeanisation of economic and social policy with the aim of improving social conditions is linked to an increase in steady, long-term trade flows. An increase in trade with the EU would significantly boost the Georgian economy and , in turn, help the implementation of the 6th Deliverable.

Despite the fact that the European Commission has set up many programmes in Georgia to support business and create jobs a notable feature in the relationship is a sharp increase in

15 <https://www.geostat.ge/en/modules/categories/38/employment-and-unemployment>

16 Irakli Makalatia, Review of 2019 Economic Indicators, Business Media Georgia, <https://bm.ge/ka/article/2019-wlis-ekonomikuri-machven-eblebis-mimoxilva/46374>

17 Public Attitudes in Georgia, Results of December 2019 survey, NDI, CRR, UKAID, British Embassy Tbilisi, https://www.ndi.org/sites/default/files/NDI%20Georgia_December%202019_Public%20Presentation_ENG_VF.pdf

18 20 DELIVERABLES FOR 2020 Monitoring – State of Play March 2019, EEAS and Commission services, <https://ec.europa.eu/neighbourhoodenlargement/sites/near/files/20_deliverables_for_2020_monitoring_state_of_play_2019.pdf>; 20 DELIVERABLES FOR 2020 Monitoring – State of Play 2018, <https://ec.europa.eu/neighbourhoodenlargement/sites/near/files/20_deliverables_2020_state_of_play_monitoring_sept_2018.pdf>

19 National Statistics Office of Georgia is not able to give such information as does not process it (application letter #264, 27.01.2020; Answer letter #7-270, 30.01.2020). Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia redirected such requirement to the Employment Promotion State Agency (Letter #8704, 27.01.2020). The Agency cannot provide such info as it is not its function (answer letter # N° 05/27, 05.02.2020).

the numbers of asylum requests (ranking Georgian nationals amongst the top nationalities requesting international protection in the EU).

It is an urgent issue, and the subject of utmost interest, to revise and rethink the social dimension of the European integration. As the “20 Deliverables for 2020” should have brought concrete results for Georgian citizens and should have made EaP policy related to the 6th Deliverable tangible, but has failed to yield any noticeable effect, it is the right time to:

- Analyse the gap in European integration policy: The lack of real growth in social welfare, social protection and job-creation is inversely proportional to positive political associations and trade-economic development. These pillars of sustainable development should be conditional on each other.
- Change the methods of monitoring Georgia's progress on the 6th Deliverable and the AA objectives of sustainable development. On implementation of the Deliverables and the goals for sustainable developments, their relationship should be assessed and analysed in parallel, not in isolation. Findings from monitoring should be reflected in official reports in more detail in order to have greater impact and influence on the process of political dialog between parties (Georgia and the EU).
- Inaugurate the analysis of job creation statistics by official bodies in Georgia so that the goals of the 6th Deliverable can be met.
- Conduct research and analysis on the employment and job creation policies in Georgia analysing the reasonableness, rationality, effectiveness and succession of these policies. Analyse the support from government and the participation of other players who are active in the Georgian economy and assess the viability of their policies in creating sustainable development.

Harmonise Digital Markets

David Tsiskaridze, Chairman, International Business and Economic Development Center

Present Status

For shaping better digital future, Georgia continued to follow its path of developing digital economy and society with the aim to enhance economic and business opportunities to strengthen trust and security, create of common roaming space, develop ICT innovation and start up ecosystems, setting up e-skills and competences framework and develop e-trade and e-health. The objective of this deliverable is to help eliminate obstacles, barriers and inequalities in digital markets across pan-European services for Georgian citizens, government and businesses and to ensure that Georgian corporate and personal data are protected. The desired result is better prices and choice for consumers and a better environment to attract investment, boost trade and employment, help speed economic growth and create well-paid local jobs. Georgia has undertaken significant steps to develop policies and initiatives during 2018-2019 in line with the following Deliverable's goals and has a work plan in place to reach the 2020 targets¹.

What Has Been Done - Electronic Communications Rules and Infrastructure

Roaming tariffs in the Eastern Partnership Countries (EaP) are currently high, discouraging demand and creating an obstacle to the development of a thriving market among the 72 m EaP consumers (2016 figures). Thus, they lack of the ability to gain the benefits that higher connectivity would bring in the form of development of a knowledge-based economy and access to increased information.²

Since 2016, the relevant experts of Georgia's National Communications Commission (GNCC) have been participating in the EaPeReg Roaming Expert Working Group (REWG)³, which has as its main goal the reduction of the gap with the international roaming prices. The aim is to create a common roaming space, first among EaP Partner countries and then between them and the EU. Following meetings last October, a Regional Roaming Agreement (RRA) is being drafted by the EaP within the EU4Digital project and is expected to be signed by the end of 2020. The EU Digital team has already had three virtual meetings of its Roaming Expert Working Group, which gives the EaP countries the opportunity to provide feedback on the RRA.

The GNCC, together with Georgia's mobile operators, has already (in 2017) signed Memoranda of Understanding (MoUs) on the Reduction of Roaming Tariffs with Lithuania and Latvia. As a result, the prices for voice calls, as well as for short text messages and data roaming services has been comparably reduced and per second rounding has been established instead of per minute, cutting the tariffs for voice calls significantly.

Georgia's National Strategy for the development of broadband infrastructure and its implementation plan were drafted by the Ministry of Economy and Sustainable Development of

¹ European Commission: Adopted Work Program of EaP Platform 2 Economic Development and Market Opportunities, accessible at: <https://eufordigital.eu/wp-content/uploads/2019/10/EaP-2nd-Platform-Work-Programme-in-2018-2019.pdf>

² Romano et al., (2017), Harmonising International Roaming Pricing and Reducing Roaming Tariffs among the Eastern Partnership Countries, accessible at: <https://hiqstep.eu/sites/default/files/HiQSTEPFiles/HiQSTEP%20EAP%20Roaming%20%20Study%20Report%20Final%20published.pdf>

³ EU and EaP electronic communications regulatory reform, (n.d.), accessible at: <http://eapereg.org/>

Georgia at the end of 2019, in line with that of the EU. The World Bank provided technical assistance to enhance the legal and regulatory framework for broadband development, which aims to develop competitiveness, attract investments and develop digital skills among the population with the purpose of overcoming digital inequalities in Georgia.⁴ Thus factors impeding the progress of small and medium sized businesses (SMEs) in the development of broadband infrastructure can be identified and eliminated, enabling them to compete with the large telecommunications companies currently dominating the market. As planned, the strategy will be adopted by the Government of Georgia at the beginning of 2020.

A milestone in ensuring that digitalisation gives the opportunity of involvement for all Georgian citizens in the country's socio-economic life by overcoming the digital divide across urban and rural areas is the building of high-speed fiber-optic trunk infrastructure. The state program on broadband infrastructure development in Georgia is underway with the World Bank's support. In the current year, as announced by the Ministry of Economy and Sustainable Development, a start is being made on the Pshav-Khevsureti and Gudamakari Regional Community Internet Network Project, which will bring broadband internet coverage to 76 villages, 496 families and 1,291 permanent residents.

Coordinated National Spectrum Strategies

Georgia is seeing its share of changes as part of the global redistribution of radio airwave frequencies as governments release radio spectrum space to assist the rapid development of communication technologies, such as the adoption of high-speed 5G mobile networks. Early on in Georgia, analogue terrestrial TV was replaced by a digital terrestrial TV (DTT) signal, transmission infrastructure upgraded, and new transmission towers built, and during the shift from the ATV to the DVB-T, the DTT technology was implemented below 700 MHz. Globally, including in the EU, the 694-790 MHz frequency band has been selected to provide mobile broadband at an affordable price everywhere. The recent digital communication developments in Georgia are not expected to cause any problems with the planned allocation of this frequency. Several channels are occupied by the local broadcasters; however, all channels are distributed below channel 48 and no loss of coverage is expected after implementation of IMT in 694-790MHz (according to corresponding ECC Decision). Moreover, there are neither PMSE equipment owners nor other technologies within the 700 MHz band.

The GNCC chairs the EaPeReg Spectrum Expert Working Group (SEWG) whose main goal is to harmonise 5G spectrum among the Partner countries and with the EU. The most significant achievements of SEWG are that the text of the Regional Spectrum Agreement (RSA), as well as the Roadmap towards Regional Spectrum Agreement, have been elaborated and should be signed this year. The RSA considers coordination of 700MHz as well as 3.4-3.8GHz frequency ranges among EaP countries to ensure the constant and rapid technological growth. The agreement planned to be signed by the relevant ministers of Partner countries by the end of 2020. The agreement foresees coordinated rollout of the 700 MHz band for wireless broadband by 2020, facilitating the take-up of 5G (providing support for next-generation mobile technology, driverless cars, remote healthcare and everyday objects connected to the Internet).

⁴ Ministry of Economy and Sustainable Development of Georgia, (n.d.), მიმდინარე პროექტები, accessible at: <http://www.economy.ge/?page=projects&s=18>

Trust & Security in the Digital Economy

The first Law of Georgia on “Electronic Signature and Electronic Document” was adopted in 2008 (compatible with Directive 1999/93/EC). Then, in 2017, it was superseded by the law “On Electronic Document and Electronic Trust Services,” which is based on eIDAS regulation (Regulation No 910/2014). Finally, the law fully for electronic document exchanges with the government (C2G, G2C, B2G, G2B, G2G) and the Qualified Electronic Signature and/or Qualified Electronic Seal (QES) came into force in July 2018 and are mandatory throughout Georgia.

QES applied to electronic documents issued by the Public Service Development Agency (PSDA). Besides, signed/sealed documents are available for downloading on the agency’s web portal⁵. As of March, 2020, the PSDA is the sole Trust Service Provider throughout the country and provides the following trust services to the whole of Georgia (including PSDA itself): Qualified Electronic Signature; Qualified Electronic Seal; Qualified Electronic Time Stamp, all of which are in compliance with the requirements of eIDAS (an EU regulation on electronic identification and trust services for electronic transactions).

Trade (including eCommerce, eCustoms and eLogistics / Digital Transport Corridors, possibly in cooperation with the Trade Panel)

Most goals and activities, are not yet in place for harmonized legislation for eCommerce, eCustoms and eLogistics/Digital Transport Corridors with EaP partners and with the EU. Import-export processes have been re-engineered for eTrade with all EaP partner countries, Pilots are in place for cross-border eTrade with EaP partners and with the EU and for a Digital Transport Corridor between the Baltic and the Black Sea. However, most of this has yet to be enacted, not just in Georgia, but also EaP countries.

As set out in Milestone 2 of Deliverable 7 and outlined in the Joint Staff Working Document of June 2017, just a start has been made on eCommerce regulation and The Accession to the “Common Transit Convention” (CTC) and “Single Administrative Document” (SAD); Electronic Exchange of Customs Data between the States have all been fully enacted, preliminary customs data is being exchanged under bilateral agreements between Georgia and the Republic of Azerbaijan, and Electronic Information exchanged between Georgia and Armenia on goods and vehicles.

Digital Skills

Most of goals in Digital Skills outlined both in the Milestone 2 and in the EaP work program of the platform 2 have yet to be fulfilled in Georgia - neither the national digital skills & jobs coalition, nor the national digital skills strategies nor the goal of setting up an e-Competence Framework in Georgia. This would provide a reference for 40 competences to be applied in the ICT sector, using a common language for competences, skills, knowledge and proficiency levels that could be understood across Europe. An e-Competence Framework would help the development of a the system of standards under the European e-Competence Framework umbrella⁶.

Recently, N(N)LE International Business and Economic Development Center (IBEDC) implemented, with partners from Ukraine and Belarus implementation of the project on “Contributing to the formation of the agenda and institutional preconditions for enhancing digital competencies in Ukraine, Georgia and Belarus” in the framework of EaP CSF Re-granting 2019 Program. As a result In the framework of the project to the following deliverables

5 5. Public Service Development Agency, (n.d.), accessible at: <https://sda.gov.ge/>

6 A common European framework for ICT Professionals in all sectors, (n.d.), accessible at: <https://www.ecompetences.eu/>

were achieved: Guide and Roadmap for Setting up e-Competence Framework in Ukraine, Georgia and Belarus have been elaborated and printed in Georgia; Developed MoU and Guideline (Toolkit) for establishing Digital Skills&Jobs Coalition in Georgia⁷.

ICT Innovation and Startup Ecosystems

The Georgia's Innovation and Technology Agency (GITA) is implementing the "Georgia National Innovation Ecosystem Project (GENIE)" with funding of US \$23.5 m from the World Bank. The project started in 2017 with the main objective of supporting the development of innovative infrastructure in Georgia and increasing the innovative activities of firms and individuals in order to create a knowledge-based, digital economy. The project is designed to enhance Georgia's national innovation ecosystem through an integrated approach across three components: Innovation Infrastructure; Innovation Services and Innovation Financing⁸.

Since 2015 the EaP, through the National Research and Education Networks (NRENs), has made significant progress in building network infrastructure and on the deployment of important services. One of the main achievements of EaPConnect is the establishment of high capacity data links to the pan-European data network for the research and education community, GEANT, which connects national research and education networks across Europe, enabling collaboration on projects ranging from biological science, to earth observation, to arts and culture. By the end of 2018, all six beneficiary countries were connected through project-funded internet links. The exchange of information between the research and education communities in the EaP countries and Europe increased several times during the project period, with new universities and research institutes being connected to the network in all countries. Connectivity for Georgian research and education community was increased 10 times (from 0.3 Gbps to 3.0 Gbps) during the four years of the project. Currently more than 84,000 students, lecturers and researchers are using Georgian Research and Educational Networking Association GRENA network infrastructure.

Remaining Challenges

Despite initiatives taken towards achieving the goals of Deliverable 7, the following challenges remain:

Georgia has made progress in improving the legal framework and upgrading infrastructure for the Harmonisation of the Digital Market. However, law enforcement by stakeholders remains weak because of: weak governance and co-ordination by the government in this field; lack of awareness and competence about the adoption of new laws and the opportunities in business and for society;

Major gaps compared to the EU are:

- The Georgian telecommunications framework merely mentions roaming services as being part of the mobile services provided and Georgia does not have a roaming tariff policy in place;
- The principles related to citizens' rights, data protection, security and confidentiality and the General Data Protection Regulation providing for full compliance with the relevant EU acquis are not as yet fulfilled (although a law has been drafted by the GDPR and is waiting for adoption).
- Similarly, Georgia's national cybersecurity strategy has been drafted but is still is

⁷ International Business and Economic Development Center, (n.d.), accessible at: <http://ibedc.ge/>

⁸ Georgia's Innovation and Technology Agency, (n.d.), accessible at: www.gita.gov.ge

pending adoption.

■ However, it should be noted that pilots are in place to build an for interoperable cross-border eSignature and regional framework for cross-border eServices for businesses where appropriate with EaP partners and with the EU, these had not been undertaken in Georgia in 2018-2019.

Links with AA

The strengthening of EU-Georgia ties will help to transfer major benefits from the EU's Digital Single Market to Georgia and better integration of the country into the EU. To fulfil the obligations of the Association Agreement Title IV, Article 129-133, should define the rights and commitments of intermediary service providers' (ISP) in Georgian legislation. The MoESD, with the support of the USAID's project "Governing for Growth (G4G)", has already prepared a draft Law on eCommerce, which should be submitted to the Parliament of Georgia.

Conclusions and Recommendations

As the report shows Georgia has taken significant steps with regards to HDM, and the targets raised for the Deliverable 7 have been partly achieved. However, still more actions are needed in order to fully comply with the taken obligations of HDM on the way of EU integration. Georgia should transpose all benefits of Digital Single Market of the EU. The government should engage more actively in improving governance and coordination by elaborating HDM policies, strategies, developing action plans in the relevant field and creating national roadmaps to promote HDM ecosystem development in Georgia.

- Georgia committed to implement the provisions of this Sub-Section on the liability of intermediary service providers Article 129-133 within two years from the date of entry into force of the Association agreement. While it has not been performed yet, the MoESD should implement it according to annual action plan of implementation of DCFTA 2019 together with other AA/DCFTA provisions.
- The MoESD should facilitate establishing a national digital skills & jobs coalition, using as a basis the EU's digital skills & jobs coalition model; develop and implement national digital skills strategy, in line with similar EU strategies.
- Adoption of the system of standards under the European e-Competence Framework umbrella in the EaP partner-states. This would provide a common language among the European Union and Eastern Partnership countries to describe the competences (including skills) and knowledge requirements of ICT professionals, professions and organisations at five proficiency levels in order to meet the needs of individuals, businesses and other organisations in public and private sectors.
- Create digital infrastructure building blocks in Georgia to ensure piloting of Cross-border e-Signatures, Digital Transport Corridors services and Trade Facilitation Systems(TFS).

8

Support Intra-Regional Trade among Partner Countries and the EU

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Present Status and Remaining Challenges

The European Commission (EC) and European External Action Service (EEAS) Joint Staff Working Document “20 Deliverables for 2020” (published in 2017) states: “Trade among Partner Countries and between them and the EU will be supported, including through progress on the DCFTAs implementation for the three associated countries.” The document sets targets for the EU Associated Countries on engagement for the design and pursuit of trade-related reforms and progressive alignment with EU legislation, rules and standards. Concrete targets (below) were set to implement the objectives.

1. Target: Positive trend in intra-regional trade (i.e. among EaP Partners).

Over the last three years Georgia has achieved a substantial increase in exports to EaP countries, so that a deficit of 50% in the import/export figures has improved to a balanced position. Among the EaP countries imports from Belarus fell by 24%, from Ukraine by 6% and from Armenia 4%. There was an impressive rise in exports to Azerbaijan, Armenia and Ukraine (and to some extent to Moldova and Belarus). However the growth was achieved mainly through increase in sales of vehicles not produced in Georgia, but imported and then re-exported. This does not generate the economic growth, but brings some social/employment benefit for those engaged in this trade. Wine has also contributed to the growth in exports to Ukraine, Belarus and Moldova, although the value of Georgian exports to the last two countries remained small.

Georgia's exports to EaP associated countries are smaller than those to its immediate neighbours – Azerbaijan and Armenia. Imports from EaP countries constitute 14% of Georgia's total, while in 2019 one third of Georgian exported goods were sold to EaP countries. Tables 1 and 2 below show the dynamics of Georgia's trade with its EaP partners.¹

Table 1. Georgia's imports from EaP countries, * (thousand euro)

Import From	2017	2018	2019	Total Import 2019	Change %
Ukraine	394,827	436,591	370,527	8,095,826	-6.15%
Moldova	9,878	11,865	10,073		1.97%
Belarus	59,256	49,655	45,147		-23.81%
Azerbaijan	490,117	496,365	499,448		1.90%
Armenia	249,024	283,894	238,916		-4.06%

¹ ITC, Bilateral trade between Georgia and China Product: TOTAL All products, n.d., accessible at: <https://bit.ly/2yJKMKF>

Table 2. Georgia's Exports to EaP countries, thousand euro

Export To	2017	2018	2019	Total Export 2019	Change %
Ukraine	110,238	148,219	218,610	3,368,837	98.31%
Moldova	2,872	2,857	7,991		178.24%
Belarus	24,383	24,100	39,531		62.13%
Azerbaijan	240,905	425,319	445,476		84.92%
Armenia	210,277	277,801	412,237		96.04%

Imports from EaP countries in 2019 totalled EUR 1,164,111 thousand and exports to EaP countries amounted to EUR 1,123,845 thousand.

2. Target: Data reflects a generally positive trend in total exports from Partner Countries to the EU, in particular from DCFTA countries.

EU-Georgia trade data presented by Eurostat (EU) and Geostat (Georgia) shows considerable discrepancies. Moreover, the EU series is based on calculations in EURO and Georgian statistics in GEL and USDs. For this reason, reconciled data retrieved from the International Trade Centre website has been used, showing it in both USD and EUR terms.²

Table 3. EU-Georgia Trade, EUR/USD Million.

		2014	2015	2016	2017	2018	2019
EXPORT	EUR	469,643	513,055	486,439	543,171	588,870	737,504
EXPORT	USD	624,271	569,487	538,356	613,620	695,442	825,634
IMPORT	EUR	1,784,539	2,015,086	2,507,063	2,746,725	1,705,533	2,074,278
IMPORT	USD	2,372,091	2,236,737	2,774,638	3,102,975	2,014,196	2,322,145

As can be seen from Table 3 there have been significant fluctuations in Georgian exports and imports to/from the EU since 2014 when the DCFTA became operational. 2019 exports to the EU were showing (in euros) an increase of 57% over the five years, while in USD-terms growth shown was 32%. Imports from the EU increased by 16% in EURO terms and decreased by an estimated 2% in USDs marking such a direness as a result of currency fluctuations over this period.

3. Target: Further increase in number of companies authorised by the EU Sanitary and Phytosanitary (SPS) authorities. Recognition by the EU of food safety measures with the aim (if conditions are met) of initiating the process of determination of equivalence of the relevant measures.

As a result of the cooperation with EC DG SANTE gave authorisation and legal approximation process the EU market has been opened for four Georgian products of animal origin – Black Sea fish and fishery products, wool, honey and processed leather. The cooperation for opening the market for other products is actively ongoing. In parallel EC continues authorizing Georgian companies to export to EU. The EC DG SANTE issued authorization in 2018 for eight Georgian companies to import “fishery products” originating from Georgia into the EU.³ A further five companies were authorized in 2017 to import under that category - “Other facility for the collection or handling of animal by-products (i.e. unprocessed/untreated materials)”; in 2020 under the category “Processing plants”, an additional five

² Ibid.

³ Georgia Fishery products, 2018, accessible at: https://webgate.ec.europa.eu/sanco/traces/output/GE/FFP_GE_en.pdf

companies were authorised and under the category “Plants or establishments manufacturing intermediate products”⁴ one more company was registered. While the process of registering is ongoing, Georgian companies producing products of animal origin are still not able to sell them in EU markets due to lack of compliance with EU food safety requirements and the low competitiveness of their products. Georgia’s exports to EU are predominantly primary products, manufactured products constitute just 25% of Georgian exports. Georgia increases its capacity of testing laboratories. Since the entry into force of the DCFTA (2014), the number of companies in Georgia exporting to the EU has increased by 51% (2019) and has reached 901.⁵

4. Target: Strengthening of FDI (Foreign Direct Investment) /inflows into Partner Countries due to successful reforms in creating a transparent, predictable market economy.

Table 5 (below) shows the yearly dynamics of FDI inflows into Georgia, which demonstrates a gradual recovery and a considerable increase in investments after their fall in 2008

Table 5: FDI Stock in Georgia, USD Million

Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
FDI	1,575	667	866	1,134	1,048	1,039	1,837	1,729	1,650	1,963	1,265	909

Table 6: FDI inflows from EU and EaP countries, USD million

EU	835,965	816,315	412,629	804,316	590,111
Azerbaijan	340,550	581,739	555,137	461,977	246,442
Armenia	12,768	11,981	4,510	6,927	9,838
Belarus	52	2,640	252	539	607
Moldova	-228	-248	-23	44	79
Ukraine	3,423	-27,262	10,967	5,541	1,302
Total from EaP	356,565	568,850	570,844	475,027	258,268

The signing of the DCFTA did not result in any increase of investments from either the EU or EaP countries. The EU remained the biggest source of FDI (50%) and EaP countries represented one third; Azerbaijan is the main investor from among EaP countries. In 2018, Georgia experienced a significant reduction in FDIs, with inflows from the EU and EaP countries halving as a sharp decrease was experienced in investment in the energy, transport and real estate sectors. No proper analysis is available on what exactly caused the drop in FDIs, but there were definitely no new administrative barriers and Georgia remained among the champions for its investment climate in international ratings. Data available for the first three -quarters of 2019 show that there might then have been a very small change.

5. Target: The governments to ensure increased market access opening on a reciprocal basis in public procurement in accordance with the staging committed in the DCFTAs.

Georgia has established a fully-fledged E-procurement system, which ensures the transparency of tenders. The country continues working on alignment with EU standards; Draft

⁴ Georgia Plants or establishments manufacturing intermediate products, 2018, accessible at: https://webgate.ec.europa.eu/sanco/traces/output/GE/ABP-IP_GE_en.pdf

⁵ Ayvazyan, A. and Khutsishvili, S., “Georgian exports to Europe - what has been accomplished since signing the Association Agreement”, JAM news, 2019, available at: <https://bit.ly/3aXo1kA>

legislative amendments submitted to Parliament in 2019 set up a new Dispute Resolution Board to ensure impartiality. The amendments were developed in consultation with the EC DG GROW (digital transformation) OECD SIGMA (the EU-OECD joint initiative to improve governance) and with the support of an EU Twinning project. The State Procurement Agency of Georgia drew up a new draft Law on State Procurement which echoes the EU Directive 2009/81/EC regulating the defence field. The tenders are fully open to international bidders, inter alia European companies and private persons, except those in fields where restrictions on foreign ownerships exist (like land).

6. Target: Achieving the state of regulatory approximation and institutional capacity building (including market surveillance) in priority sectors allowing negotiation of the Agreements on Conformity Assessment and Acceptance of Industrial Products (ACAA).

Up until now, the process of harmonising with the EU's "New and Global Approach" directives listed in the sectoral timetable Annex III-A of the EU-Georgia Association Agreement has met the prescribed deadlines.⁶ However, a number of EU directives in the sphere of technical barriers, which should be implemented by 2020, are lagging, thus Georgia may request the postponing of the deadlines for approximation for the following directives: Council Directive 93/42/EEC of 14 June 1993 concerning medical devices; Council Directive 90/385/EEC of 20 June 1990 relating to active implantable medical devices; Directive 2009/142/EC of 30 November 2009 relating to appliances burning gaseous fuels; Council Directive 89/686/EEC of 21 December 1989 relating to personal protective equipment and Directive 98/79/EC of 27 October 1998 on in vitro diagnostic medical devices.

Market surveillance remained weak and underdeveloped: in 2018 the implementation of the Decree of the Government of Georgia N. 641 of April 30, 2016, on approval of the Multiannual Action Plan for Market Surveillance of Industrial and Consumer Products, was stepped up. Capacity building by the institution responsible for market surveillance – a new independent body – LEPL "Market Surveillance Agency has formed as an independent form the Technical and Construction Supervision Agency (TCSA) – supervises the compliance of industrial and consumer products. Georgia is technically ready to sign ACAA agreements (Agreement on Conformity Assessment and Acceptance of Industrial Products) in certain areas. Nevertheless, there is not a lot of interest as at this stage Georgia exports few industrial goods.

7. Target: Setting up an Authorised Economic Operator (AEO, for tax and customs) programme, in particular in the DCFTA countries. Implementation of compatible AEO programmes in the DCFTA countries allowing further facilitation of customs procedures in mutual trade and a dialogue on mutual recognition of the AEO programmes.

Georgia introduced an AEO programme in 2018 and continues increasing its efficiency by training and capacity building for customs and revenue services; the institution established a "golden list" of operators some years ago. The new customs code complies with the present approach of the World Customs Organisation (WCO) and the EU in this matter. Consultations have taken place to mutually recognise AEOs with Turkey, but there is as yet no bilateral recognition agreement signed with any of the third countries (those not officially EU members).

8. Target: countries are required to complete accession to the Convention on a common transit procedure, and thus simplification of the customs and transit formalities for trade between the EU and DCFTA Partners and among the latter.

The Georgian government is not yet ready to implement the provisions of the Convention. Gap analysis of primary legislation in relation to manufacturing showed what changes were

⁶ GEOSTM, available at: http://www.geostm.ge/agency.php?id_pages=78

necessary to meet the requirements of the convention. Reportedly⁷ gap analysis of secondary legislation is also being done. Meanwhile, the Revenue Service is working with several twinning partners - Finland, Poland and Latvia - to learn from their experiences.

9. Target: Making progress on approximation/incorporation of provisions of the Convention of 1987 on the Simplification of a common transit procedure for the trade in goods by 2020. between the EU and DCFTA Partners and among the latter.

In 2019, Georgia adopted a new Customs Code which is supposed to ensure that the “Convention on the Simplification of Formalities in Trade in Goods and the Convention on a Common Transit Procedure will be fully implemented in Georgian legislation”.⁸

Conclusions and Recommendations

Target 1. Achievements: Georgia is trying actively to increase its exports to the EaP partner countries and has to some extent succeeded. Issues: The country's export base is narrow and cannot support economic or technological development. The trend in imports from EaP partner states is downwards, supposedly because of competition from Russian companies, which have drastically increased their sales in Georgia..

Target 2. Achievements: From 2014 to 2020, Georgia increased its exports to the EU by 57%. Issues. Despite some diversification of trade with the EU and the appearance of more companies exporting to European markets, the rise in volumes is slow and in reality, primary materials and non-manufactured goods constitute the main source of exports.

Target 3. Achievements: Georgian authorities are trying to achieve acceptance of Georgian food of animal origin for sale in the EU, and have so far achieved this for four: honey, Black Sea fish, raw leather and raw wool. Issues: There are challenges related to the lack of lab capacities and production scales. Only few Georgian companies were able) to start exporting some animal origin products to the EU.

Target 4. Achievements: EU has become the biggest investor in Georgia and EaP countries provide 30% of FDI in the country. Issue: The overall volume of FDI in the country started to decline two years ago.

Target 5. Achievements: Georgia has established a fully-fledged E-procurement system, which ensures the transparency of tenders.

Target 6: Achievements: Approximation of technical regulations listed in EU-Georgia AA Annex III-A and in line with the has gone according to the agreed timetable. Issue: A start has yet to be made on a number of directives which are due to be adopted in 2020, thus there could be delays.

Target 7. Achievements: Georgia has been doing quite well in reforming its customs and improving its trade facilitation measures, including establishment of a “golden list”. Issues: Neither trade nor a dialogue on mutual recognition of the AEO programmes with regional partners has been achieved.

Target 8. Issues. Georgia has not yet succeeded in complying with the convention on Common Transit Procedures.

Target 9. Achievements: The new customs code which has been adopted gives good grounds for acceding to the convention on simplification of Formalities in Trade in Goods.

⁷ DCFTA, Implementation Report, 2019, available at: <http://www.dcfta.gov.ge/en/implementation>

⁸ Nadiezhkina, O., “Georgia: Georgia Announces New Customs Code”, mondaq, 2018, available at: <https://www.mondaq.com/International-Law/746010/Georgia-Announces-New-customs-Code>

- Georgia needs to pay more attention to cooperation with EaP countries: increased trade with Associated EaP countries (Moldova and Ukraine) has not only economic but also political significance. It is important to support projects of cooperation (joint ventures, supply chains) with companies in the three associated states as much as possible.
- Strengthen support (consultations, know-how transfer, knowledge) for industries, which have the potential to export goods to EU markets: analyse the causes and develop a support plan for companies registered on EU markets that have not as yet been able to export their products.
- Approximation of laws to the EU directives joined with promoting and supporting industries which can produce and sell to the EU products covered by the respective directives. It is also advisable to prepare the country for negotiation on the AACA in such area as medical equipment, drugs and toys, among others.
- It is important also to accelerate the process of joining EU-promoted conventions related to customs, trade facilitation, and transit of goods.
- Intensify collaboration with neighbouring and EaP countries on mutual recognition of “golden lists”.

STRONGER GOVERNANCE.
Strengthening institutions and good governance

9

Strengthening the Rule of Law and Anti-Corruption Mechanisms

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Georgia has carried out a number of legal and institutional reforms aimed at eradicating corruption within public institutions as its long-standing commitment in the framework of the EU Georgia Association Agreement¹ (AA) and Association Agenda for 2017-2020.²

Article 17 of the AA calls for cooperation between the parties on issues relating to the fight against organised crime and corruption, including corruption in the public and private sectors and illegal economic and financial activities. The Agreement also compels Georgia's government to approximate its legal and institutional reforms to international and EU standards, including the United Nations (UN) Convention against Corruption.³ The Association Agenda for 2017-2020 further compels Georgia to continue its anti-corruption reforms and harmonise with "relevant international legal instruments," including those of the UN, Council of Europe and the Organisation for Economic Co-Operation and Development (OECD). Some of the important areas which this document addresses include: strengthening the capacity of anti-corruption investigative bodies; creation of effective mechanisms to ensure prevention of conflict of interest among public officials; the fight against complex corruption and effective implementation of a national anti-corruption strategy.⁴

Despite a degree of progress achieved in terms of addressing petty corruption, complex, elite corruption remains a significant challenge for the country. The latter becomes particularly noticeable when anti-corruption and law enforcement agencies are ineffective at responding to high-profile corruption cases regarding unauthorized interference with business activities, illicit enrichment, and violations related to party and campaign financing regulations and many more.⁵

Asset Declarations and Conflicts of Interest

Present Status: In this regard, recent amendments to the Law on Conflict of Interest and Corruption in Public Institutions compel public officials and senior members of the civil service to submit annual asset disclosures. The submitted asset declarations are reviewed by the Civil Service Bureau (CSB), which has the authority to impose fines for inaccuracies in annual asset disclosures and is required to report cases of violations pointing to the evidence of criminal activity to the law enforcement agencies.⁶

What Has Been Done: In an important positive development, the CSB has set up an independent commission which is comprised of CSO representatives and tasked with the selection of asset declarations for verification at the beginning of every year (in addition to the declarations being randomly selected by an electronic system).

Remainig Challenges: On the downside, the latest legislative amendment implemented in 2019 allows public officials to not disclose their business connections with companies which had not conducted transactions over the past six years or longer. This significantly reduces the transparency of the assets of public officials and undermines the monitoring

1 Association Agreement between the European Union and Georgia, 30 August, 2014, <https://bit.ly/2xT1ffi>

2 Association Agenda between the European Union and Georgia 2017-2020, <https://bit.ly/353FLsc>

3 Association Agreement between the European Union and Georgia, Article 17, 30 August, 2014, <https://bit.ly/2W8hDB1>

4 Association Agenda between the European Union and Georgia 2017-2020, pp. 16-17, <https://bit.ly/2xLsqcb>

5 Transparency International Georgia's Anti-Corruption Policy Fails to Fulfill Association Agreement and Association Agenda Commitments, 11 June, 2019. <https://bit.ly/3cNTINT>

6 The Law on Conflict of Interest and Corruption in Public Institutions, Article 18(1); <https://bit.ly/2VwO0Ks>

efforts of civil society organisations and the media.⁷

- **Conclusion and Recommendations:** While there have been a number of positive reforms carried out in terms of establishing disclosure of asset declarations, recent amendments to the law have significantly undermined the effectiveness of this mechanism.
- Rescind the recent amendment which exempts public officials from disclosing their business interests with companies that have been inactive over the past six years.

Establish stronger guidelines for post-employment restrictions in order to ensure the accountability of public officials, as those currently available are weak and lack clear definitions, making enforcement more difficult.⁸

Political Parties, Accountability of MPs, Judiciary and Prosecution Service

Present Status: The legislation concerning regulation of political party campaigning has practically not changed in recent years. What few amendments have been made omitted important recommendations put forward by the Office for Democratic Institutions and Human Rights (ODIHR) and Group of States against Corruption (GRECO), which called for harmonisation of legal frameworks concerning party campaign finance.⁹

The existing legal framework for overseeing donations to political parties is still weak and gives little authority to the State Audit Office (SAO) to investigate a potential offender linked to illegal donation activity. There is no legal requirement for SAO to verify reports containing campaign finance activity before the election day, which in turn significantly limits the transparency of the process.¹⁰

Considering the above, SAO has been largely unsuccessful in terms of identifying and addressing violations of political finance regulations.¹¹

What Has Been Done: As regards prevention of corruption among members of parliament, judges and prosecutors, a number of steps have been taken in this direction. The Code of Ethics for the prosecution service has been in place since 2017 and contains important integrity and accountability provisions. The prosecution service put together a special training programme on rules of conduct for prosecutors and investigators and developed a so-called commentary to the Code of Ethics. As of now, the code is pending adoption.¹²

The Code of Ethics for MP's was adopted in 2019, however, the Council of Ethics that was established shortly after the adoption of the Ethics Code has not yielded any tangible results in terms of the monitoring of its implementation.¹³

7 Ibid, Article 18.

8 Transparency International Georgia, Gifts Received by Public Officials Need to be Studied Further, 7 March 2018, <http://bit.ly/3adRYNe>

9 OSCE ODIHR, Georgia Presidential Election 2018 - Election Observation Mission Final Report, 28 February 2019, p. 13, <https://www.osce.org/odihr/elections/georgia/412724?download=true>

10 OSCE ODIHR, Georgia Presidential Election 2018 - Election Observation Mission Final Report, 28 February 2019, p. 14, <https://www.osce.org/odihr/elections/georgia/412724?download=true>

11 Transparency International Georgia, Second Interim Report on Monitoring Campaign Finances and Administrative Resources, 27 November, 2018. <https://bit.ly/3bBiYGK>

12 COE, GRECO, Fourth Evaluation Round- Corruption Prevention in respect of members of parliament, judges and prosecutors, 18-22 March, 2019, pp. 13-14, <https://bit.ly/3bzipgR>

13 COE, GRECO, Fourth Evaluation Round- Corruption Prevention in respect of members of parliament, judges and prosecutors, 18-22 March, 2019, pp. 4-5, <https://bit.ly/2KvQLFr>

Remainig Challenges: Certain components remain unaddressed with regard to the “Norms of Judicial Ethics” which are crucial in ensuring “confidential counselling on ethics,” for judges and the members of judiciary. These provisions are yet to be updated to meet COE GRECO standards.¹⁴

One of the outstanding challenges in the existing legislation remains the lack of adequate provisions regulating loans, third-party campaign financing and finance reporting requirements for political parties/candidates involved in electoral process.¹⁵

Conclusions and Recommendations

There have not been any noteworthy legislative and policy changes in the area of party campaign financing. In fact, electoral violations such as misuse of administrative resources and inappropriate party financing took place frequently during the last two elections. Furthermore, there were multiple cases of the ruling party and its satellite political organisations illegally donating financial and human resources in support of government-backed candidates during the last presidential campaign.¹⁶

- Ensure uniform application of the electoral legislation concerning effective oversight of political campaign finance; it is important to establish shorter deadlines for the SAO to handle violations related to campaign finance as well as, pursue effective cooperation with other government institutions and streamline the investigation and inquiry process;¹⁷
- Expand SAO’s human and financial resources so that the agency can better carry out monitoring and investigation of party finance and donations;
- Review and amend the existing legislation with regard to regulation of party finance and to eliminate some of the gaps concerning regulation of loans and third-party donations, previously identified as problematic by OSCE/ODIHR and GRECO observation missions.¹⁸

Anti-Corruption Bodies

Present Status: The independence of agencies responsible for the investigation and enforcement of anti-corruption activities is significantly weak, as a result of the undue influence of the ruling party over these institutions. Furthermore, despite certain progress in the legislation concerning strengthening of parliamentary oversight of these agencies, the latter has shown little effort in terms of enforcing its supervisory powers.¹⁹

What Has Been Done: Small progress has been made with regard to granting more independence to the corruption investigating unit within the Chief Prosecutor’s Office (CPO). Moreover, an effort has been made to further distance the investigative function from direct supervision of the Investigative Unit of the State Security Service and establishing it as an independent Anti-Corruption Unit within CPO. In 2018, the Anti-corruption Unit was formally separated from the supervision of the Investigative Division of State Security

14 COE, GRECO, Fourth Evaluation Round- Corruption Prevention in respect of members of parliament, judges and prosecutors, 18-22 March, 2019, p 8, <https://bit.ly/2zjBxkv>

15 OSCE ODIHR, Georgia Presidential Election 2018 - Election Observation Mission Final Report, 28 February 2019, pp. 13-14, <https://www.osce.org/odihr/elections/georgia/412724?download=true>

16 Transparency International Georgia, Second Interim Report on Monitoring Campaign Finances and Administrative Resources, 27 November, 2018. <https://bit.ly/2S4sfPS>

17 OSCE ODIHR, Georgia Presidential Election 2018 - Election Observation Mission Final Report, 28 February 2019, p. 32, <https://www.osce.org/odihr/elections/georgia/412724?download=true>

18 OSCE ODIHR, Georgia Presidential Election 2018 - Election Observation Mission Final Report, 28 February 2019, p. 14, <https://www.osce.org/odihr/elections/georgia/412724?download=true>

19 IDFI, The Georgian National Anti-corruption System is Ineffective against High Level Corruption, October, 2018, https://idfi.ge/en/against_elit_corruption_is_still_a_challenge_in_georgia

Service (SSS) and became an independent “structural unit” within the Chief Prosecutor’s Office, directly accountable to the Chief Prosecutor and the First Deputy Chief Prosecutor.²⁰

Remaining Challenges: As yet, anti-corruption investigative powers have not been removed from either the CPO or the SSS, which may potentially lead to abuse of anti-corruption investigative powers within these agencies.²¹ Furthermore, the fact that the fight against corruption is one of the SSS’s major activities is raising valid concern among members of civil society and several international partners, stemming from the secretive nature of this agency.²²

As for the monitoring and elaboration of national anti-corruption policy, the agency in charge is the Anti-Corruption Council (ACC). The ACC is not authorised to enforce anti-corruption activities that are part of the Anti-Corruption Action Plan, nor does it have a mandate to combat high-level corruption within various government institutions.²³ Unfortunately, the ACC lacks financial and human resources to function as an independent and effective policy development and monitoring agency.²⁴

Conclusions and Recommendations

Although Georgia’s government has taken certain steps in the direction of establishing a more independent anti-corruption service, a number of important issues remain unaddressed. The main point is that there is no autonomous unit responsible for investigation of corruption cases.

- Consolidate administrative resources to set up an independent anti-corruption agency which will be equipped with the necessary financial and human resources to carry out anti-corruption measures nationwide.²⁵
- Remove anti-corruption investigative powers from the SSS and CPO in order to minimize abuse of investigative powers.²⁶

Recovery and Management of Assets (AROs), Anti Money Laundering Measures

Present Status: Georgia has a special service for asset recovery which meets European Union standards.²⁷ Between 2018 and 2019 the Financial Monitoring Service (FMS) and the Prosecutor General of Georgia investigated and reported close to 900 cases of money laundering.²⁸

20 OECD Anti-Corruption Network (ACN), Istanbul Anti-Corruption Action Plan Fourth Round of Monitoring Progress Update Report (on Georgia), March 2019, pp. 129-132, <http://bit.ly/2NnA0hw>

21 OECD Anti-Corruption Network (ACN), Istanbul Anti-Corruption Action Plan Fourth Round of Monitoring Progress Update Report (on Georgia), March 2019, p 131, <http://bit.ly/2NnA0hw>.

22 OECD Anti-Corruption Network (ACN), Istanbul Anti-Corruption Action Plan Fourth Round of Monitoring Progress Update Report (on Georgia), March 2019, p 131, <http://bit.ly/2NnA0hw>.

23 OECD Anti-Corruption Network (ACN), Istanbul Anti-Corruption Action Plan Fourth Round of Monitoring Progress Update Report (on Georgia), March 2019, pp. 129-132, <http://bit.ly/2NnA0hw>.

24 IDFI, Independent Anti-Corruption Agency – Georgia and International Standards, June 2017, p 12, <https://bit.ly/2S5ONQj>

25 OECD Anti-Corruption Network (ACN), Anti-Corruption Reforms in Georgia - Fourth Round of Monitoring of the Istanbul Anti-Corruption Action Plan, 15 September 2016, pp. 10 & 92-96, <http://bit.ly/30krxRv>

26 OECD Anti-Corruption Network (ACN), Istanbul Anti-Corruption Action Plan Fourth Round of Monitoring Progress Update Report (on Georgia), March 2019, p 131, <http://bit.ly/2NnA0hw>.

27 European Commission, Action Document for the Support to Rule of Law and Justice in the Eastern Partnership, 2018 <https://bit.ly/3cDnbd8>

28 Financial Monitoring Service of Georgia, Annual Report (2018), Tbilisi, Georgia. <https://bit.ly/2x3BpF1>

What Has Been Done: A new law on Facilitating the Suppression of Money Laundering and Terrorism entered into force in 2019 in order to establish effective legal and compliance mechanisms for the prevention, detection, and combat of money laundering and other related crimes. The law also provides necessary procedural measures related to prevention and fight against it.²⁹

A permanent analytical platform was put in place in 2018 in order to enhance cooperation between FMS, other investigative bodies and various public and private entities. The platform serves to collect information, improve compliance control and develop effective indicators for identification of suspicious transactions.³⁰

In 2019 the Government Interagency Council approved a long-awaited Money Laundering and Terrorism Financing Nation Risk Assessment (NRA) and adopted the Action Plan aimed at combating money laundering and terrorism financing in Georgia.³¹

Georgia has taken a number of steps to adopt new legal requirements (as part of its National Action Plan for prevention of money laundering and countering terrorism) which include targeted financial sanctions. Consequently, the enforcement of these requirements facilitated more targeted sanctions for financial institutions which failed to meet the customer due diligence requirements, per section D of the Financial Action Task Force (FATF) Recommendations document.³²

Remaining Challenges: In a negative development, the Georgian government has shown little effort in terms of establishment of a central register of bank accounts in order to trace illegal assets more effectively. The government's justification for its reservations about going forward with the establishment of the above-mentioned mechanism is that not all EU member states have it in place and its effectiveness is yet to be established.³³

Conclusions and Recommendation

Despite numerous attempts by advocacy groups to include this area in the National Anti-Corruption Action Plan, the establishment of a mandatory public registry of beneficial ownership of legal persons and entities remains unaddressed.³⁴

- It is important to move forward with the establishment of a centralised register of bank accounts for tracing illegal assets as well as to establish a mandatory public registry of beneficial ownership of legal persons;
- Make information regarding beneficial ownership available online and through a central registry;³⁵
- Make it obligatory to disclose beneficial ownership and put in place effective mechanisms for liability concerning nondisclosure or fabricated disclosure of such information.³⁶

29 Law of Georgia on Facilitating the Suppression of Money Laundering and Terrorism Financing

30 Government of Georgia, Money Laundering and Terrorism Financing Risk Assessment of Georgia, (2019), pp 20-21, https://www.fms.gov.ge/Uploads/files/NRA_Georgia_English.pdf

31 Government of Georgia, Money Laundering and Terrorism Financing Risk Assessment of Georgia, (2019), https://www.fms.gov.ge/Uploads/files/NRA_Georgia_English.pdf

32 COE, Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), "4th Round Mutual Evaluation of Georgia, December 2015, p 16, <https://bit.ly/2xXvz8B>

33 OECD Anti-Corruption Network (ACN), Istanbul Anti-Corruption Action Plan Fourth Round of Monitoring Progress Update Report (on Georgia), March 2019, pp. 122-126, <http://bit.ly/2NnA0hw>.

34 OECD Anti-Corruption Network (ACN), Istanbul Anti-Corruption Action Plan Fourth Round of Monitoring Progress Update Report (on Georgia), March 2019, pp. 106-113, <http://bit.ly/2NnA0hw>.

35 OECD Anti-Corruption Network (ACN), Anti-Corruption Reforms in Georgia - Fourth Round of Monitoring of the Istanbul Anti-Corruption Action Plan, 15 September 2016, p 133, <http://bit.ly/30krxRv>

36 OECD Anti-Corruption Network (ACN), Anti-Corruption Reforms in Georgia - Fourth Round of Monitoring of the Istanbul Anti-Corruption Action Plan, 15 September 2016, p 133, <http://bit.ly/30krxRv>

10

Support the Implementation of Key Judicial Reforms

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Deliverable 10 includes the implementation of key judicial reforms with a special emphasis on strengthening the independence, impartiality, efficiency and accountability of the judiciary. Efficient functioning of the justice system guarantees proper human rights protection, respect for the rule of law, development of the country and public trust towards the state.

Present Status

The main promise and agenda of the newly elected government in 2012 was liberation of the Judiciary from the strong influence of the executive branch and especially the Prosecutor's Office¹. During the period of the previous government the courts were not independent, and consideration of criminal and administrative cases was marred by systematic flaws². In spite of the implementing of four waves of judicial reform aiming at establishing a fair court system and ensuring the independence and impartiality of the judiciary, the government failed to show a strong political will for any meaningful and consistent changes.

Achievements and Challenges

In 2017 the Parliament of Georgia passed a package of legislative amendments (the so-called 3rd wave) introducing several important changes in the system, which eliminated a number of gaps and improved the regulations. Increasing the number of Supreme Court judges and establishing their lifetime appointment could be considered as one of the main achievements in this regard. Due to the lack of judges, timely decision-making by the Supreme Court had become a challenge over the years. Consequently, based on the amendments in the Constitution of Georgia and the follow-up changes in the Organic Law of Georgia on Common Courts, the number of judges in the Supreme Court has been increased to 28. The appointment process was also modified and the authority to nominate candidates to the Parliament of Georgia was transmitted from the President of Georgian to the High Council of Justice of Georgia (HCoJ).

Furthermore, as a result of the changes additional guarantees have been established to ensure the independence and impartiality of judges. The package of amendments also introduced an electronic case distribution system, which involves the distribution of cases to judges automatically via an electronic system, precise criteria for selecting Judges and the new institution of an Independent Inspector, dealing with the disciplinary proceedings against judges.

1 Election Block: "Bidzina Ivanishvili - Georgian Dream" - Election Program (2012). Available at: <http://www.ivote.ge/images/doc/pdfs/ocnebis%20saarchevno%20programa.pdf>

2 Report by Thomas Hammarberg - Commissioner for Human Rights of the Council of Europe Following his visit to Georgia from 18 to 20 April 2011. Available at: <https://rm.coe.int/16806db708>

Georgia 2012, Human Rights Report - Department of Justice 2012. Available at: https://www.justice.gov/sites/default/files/eoir/legacy/2013/06/10/Georgia_7.pdf

Freedom in the World, Country Report – Georgia 2012. Freedom House. Available at: <https://freedomhouse.org/report/freedom-world/2012/georgia>

World Report 2013: Georgia Events of 2012 – Human Rights Watch. Available at: <https://www.hrw.org/world-report/2013/country-chapters/georgia>

In 2019, as a result of protracted deliberations and with a versatile consensus and the active involvement of different stakeholders, including the representative of civil society organizations, a huge package of legislative amendments and changes was adopted, forming the 4th wave of judicial reform. The amendments introduced new regulations aiming at imperfections of the grounds for disciplinary responsibility of judges and additional guaranties for the Independent Inspector, reform of the High School of Justice and the establishment of new functions for the HCoJ.

Amendments in Practice - Appointment of Judges

Despite the legislative amendments, the system of judicial appointments still fails to meet the requirements of impartiality, justification, transparency and the principle of merit-based assessment. The selection of judges is based on two major criteria – integrity and competence – and the indicators to assess these criteria are determined. However, the selection criteria as well as the procedure for assessing judicial candidates enables members of the HCoJ to adopt biased decisions.

Candidates are assessed by competence criteria with the use of a point system, whereas the integrity criteria are not assessed with points. Since the statutory assessment specifications do not identify the basis on which this criteria is examined, or how it should be reasoned the council is accordingly given broad discretion and there is the possibility that it will make biased assessments.

Making the final decision through a secret ballot preceded by closed interviews with judges, which can outweigh the evaluations of the candidate according to the criteria established by law, underlines the political nature of the process³.

The process of selection and nomination of Supreme Court judge candidates, where the vast majority of candidates have been sitting judges of different instances of Georgian common courts, gives clear evidence of the existence of fundamental problems in the HCoJ, of biased assessment of candidates or the lack of qualification of HCoJ members⁴. Most of the candidates failed to confirm their competence and integrity during open Parliamentary hearings⁵.

Electronic Case Distribution System

Since 31 December 2017 cases have been distributed among judges in common courts automatically through the electronic case distribution system, which ensures random distribution. This guarantees the independence of judges, an equal distribution of work and diminishes the role of a court president in the distribution of cases

3 Implementation of Judicial Strategy and Action Plan, Shadow Report - Human Rights Education and Monitoring Center (EMC) and Institute for Development of Freedom of Information (IDFI), 2018. available at: https://idfi.ge/public/upload/IDFI_Photos_2018/general/ENG_WEB.pdf

4 Mostly referring to HCoJ judge members and several non-judge members, who voted in favor of candidates.

5 Second Report on the Nomination and Appointment of Supreme Court Judges in Georgia – OSCE/ODIHR, 2020. available at: <https://www.osce.org/odihr/443494?download=true>; Monitors regret appointment of 14 judges by Georgian parliament – Parliamentary Assembly of Council of Europe (PACE). 2019. Available at: <https://bit.ly/2x3BZ5F>; Statement by the Spokesperson on the appointment of judges to the Supreme Court of Georgia – EU external Action. Available at: <https://bit.ly/2xUYCtA>; U.S. Embassy's statement on supreme court nominees. Available at: <https://bit.ly/3515OjX>; The progress of the Assembly's monitoring procedure (January-December 2019) - Parliamentary Assembly of Council of Europe (PACE). 2020. Available at: <https://bit.ly/2x9JYhO>; Assessment of the Hearings of Supreme Court Judicial Candidates at the Parliament Legal Committee – Coalition for an Independent and Transparent Judiciary. Available at: http://www.coalition.ge/index.php?article_id=234&clang=1; Assessment of Candidates for Supreme Court Judges - Coalition for an Independent and Transparent Judiciary. Available at: http://www.coalition.ge/index.php?article_id=93&clang=1

This reform was a clear step forward towards timely and effective administration of justice and an equal distribution of the workload for the judges. However, the legislative framework governing the functioning of the software is not comprehensive and the authority to elaborate the electronic case distribution protocol is entirely within the control of the HCoJ.

According to the protocol, the chairman maintains the following important leverages on intervening in and influencing the case distribution process through setting up and making changes based on their personal preferences. This can influence the choice of the judges within narrow specialisations, the composition of boards, establishment of the list of shifts for Judges and definition of the percentage indicator (workload) of case distribution⁶.

In addition, the main innovation of the electronic program is that its module acts as a random distributor of cases (randomiser) ensuring that they go to randomly selected judges. The program uses a standard random function of Microsoft, which is neither professional nor protected, which presents problems. A particular problem is the lack of a so-called hard lock to seal the system and protect it by using security keys to enable changes. The ideal would be a security lock that requires the consent of all the key owners for any type of program change (changes in the algorithm of the programme, increasing/decreasing the functions of users, adding the new user, etc). Lack of protection allows the technical assistance group to make changes to the programme at any time, thus allowing control over the case distribution system and assignment of a case to a preferred judge.

Office of an Independent Inspector

Establishment of the institution of Independent Inspector ensured the increased legal guarantees of judges in disciplinary proceedings, which limited the excessive exclusive powers of the Secretary of the High Council of Justice at the initial stage of disciplinary proceedings⁷.

At the initial stage of functioning of this institution, the objectives of disciplinary responsibility for judges was not determined, and this created the risk of a parallel justice system⁸. This legislative shortcoming was eradicated within the frames of the 4th wave of amendments. This has established specific and exhaustive lists of disciplinary misconduct. In addition, legislative amendments improved safeguards for the Institution of Independent Inspector, which has to be assessed positively.

After electing the former Independent Inspector to the position of Supreme Court Judge in December 2019, the HCoJ announced a competition. The process was held behind closed doors and lacked openness and transparency⁹. On 23 January 2020, the HCoJ, appointed a new Independent Inspector with an open ballot. However, when in June 2019 he participated in the nomination competition for Supreme Court Judges he failed to demonstrate competence and integrity. Such an opaque process and the appointment of a person whose qualifications raise so many questions, increase mistrust towards the institution and will reflect negatively on his further activities.

6 Legal and Technical Analysis of the New System of Case Distribution in General Courts – Georgian Democracy Initiative (GDI), 2018. available at: <https://gdi.ge/uploads/other/0/806.pdf>

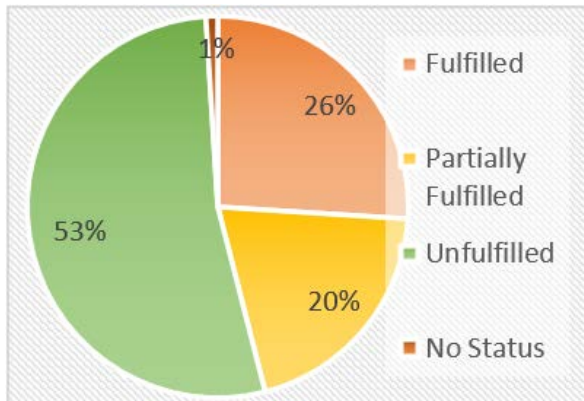
7 Assessment of the Judicial Reform Electronic System of Case Distribution System for Disciplinary Liability of Judges - Human Rights Education and Monitoring Center (EMC) and Institute for Development of Freedom of Information (IDFI), 2019. Available at: <https://bit.ly/3b-vAvQG>

8 Judicial system: Reforms and Perspectives - Coalition for Independent and transparent Judiciary, 2017, page 123. Available at: http://coalition.ge/files/the_judicial_system.pdf

9 The Coalition Criticizes the Independent Inspector's Selection Process - Coalition for Independent and transparent Judiciary. Available at: <https://bit.ly/2zmKZDH>

Links with the Association Agreement

Under the **Association Agenda** between the European Union and Georgia, for the first time in independent Georgia's history the judiciary developed a 5-year strategy (2017-2021) and a 2-year action plan (2017-2018) for the court system. Adoption of these documents was an important step forward in establishing a unified vision for judicial reform, although the majority of activities envisaged in the action plan is unfulfilled or only partially fulfilled. It should also be stressed that HCoJ has not adopted any new action plans since then.



Fulfillment status of 94 Activities¹⁰ (measured in 2018)

Prosecutor's Office

As a result of the constitutional amendments, implemented under the Association Agenda, the Prosecutor's Office of Georgia was separated from the Ministry of Justice and became a fully independent agency. Subsequent changes and amendments have been taken to the Georgian organic law regarding the "Prosecutor's Office", and additional guarantees and specific functions have been defined for the Prosecutor General and the collegial body, the Prosecutorial Council. Amendments included specification of disciplinary measures and a new Code of Ethics.

Despite some positive legislative changes, the Prosecutor General is elected by the Parliament of Georgia by a simple majority vote. The decision is not based on political consensus and the process is not protected from one-party influences. In this context, it is also noteworthy that the selection and appointment of the Prosecutor General in previous cases has also shown signs of political influence and, unfortunately, the state has never been able to appoint a person who enjoyed any high level of public confidence or professional reputation. The previous Prosecutor General, who was appointed to the Supreme Court in December 2019, demonstrated a lack of competence and other necessary skills for such a high position, and there were, in addition, questions raised regarding the authenticity of his diploma¹¹.

¹⁰ Implementation of the Judicial Strategy and the Action Plan Shadow Report - Human Rights Education and Monitoring Center (EMC) and Institute for Development of Freedom of Information (IDFI), 2018. Available at: https://emc.org.ge/uploads/products/pdf/shadowreport_1545396178.pdf

¹¹ The Prosecutor General's diploma still raises questions - Coalition for Independent and transparent Judiciary. Available at: http://www.coalition.ge/index.php?article_id=220&clang=1

Conclusion and Recommendations

Georgia's Judiciary is undergoing a severe crisis, due to years of failed reforms . This is strengthening concern that the Judiciary is controlled by an influential group of judges who occupy the most important administrative positions and are connected with each other by close friendship and kinship. Their close relationship has been reinforced by years of working together in senior and subordinate positions. This group has a e huge influence and leverage over other judges and has close ties with the highest officials in the ruling party What is more, this influential group of Judges is responsible for bad and unjustified decisions related to the judiciary including the appointment of judges based on their political loyalty and not the criteria set on by the law. This is aimed at strengthening their position in the system rather than at strengthening the independence and impartiality of individual judges and the system.

To the Parliament of Georgia:

- The parliament of Georgia should ensure the adoption of effective, transparent , far reaching legislative changes instead of fragmentary and cosmetic ones and these should be in line with European standards and should ensure the effective protection of the independence and impartiality of the judiciary;
- To include every interested internal and external stakeholder, including those CSOs working on the issues concerning judiciary in the process of elaborating the effective and comprehensive legislative changes.

To the High Council of Justice of Georgia:

- To ensure the timely adoption of the new Action Plan under the Association Agreement.
- To ensure timely and efficient implementation of the activities under the previous Action Plan, in particular, to improve the existing inefficient system of periodic assessment of judges' performance and to draft criteria for promotion of judges in a timely manner.

11

Support the Implementation of Public Administration Reform

Mariam Maisuradze, Anti-Corruption Direction Head, Institute for Development of Freedom of Information

The Eastern Partnership's 20 Deliverables for 2020 include supporting the implementation of Public Administration Reform (PAR), to help establish professional, depoliticised, accountable and ethical public administration and provide a high level of services for citizens and business. The hope is that this will create more open and accountable government and increase citizen engagement. Implementation should include the introduction of service-oriented service-centres/ one-stop-shops and/or e-government services.

Present status

The Government of Georgia (GoG) has recognized the importance of reforming the public administration by signing the EU-Georgia Association Agreement, underling its commitment to good governance, including through Public Administration Reform.¹

In 2015, the GoG developed the Public Administration Reform Roadmap – a planning document defining the medium-term policy of the GoG for public administration². The PAR Roadmap sets out six policy areas for reform: policy development and coordination; human resources management (HRM); accountability; service delivery; public finance management; local self-government.

To execute the PAR Roadmap, the Government approved a two-year PAR Action Plan (AP). However, implementation has not been carried out in a proper manner – according to information provided by the GoG at the PAR Council meeting in 2018. Out of 122 activities assessed 55 (or 45%) were fully accomplished, 33 (27%) mostly accomplished, 22 (18%) partially accomplished, and 12 (10%) were not fulfilled at all. The monitoring reports of the PAR Action Plan have not been published, civil society was not involved in the monitoring process and only summary results of AP implementation were provided by the GoG at the PAR Council meetings. At the same time, in 2020, Public Administration Unit was created at the Government Administration and the involvement of civil society representatives in the monitoring of the Action Plan was ensured. The progress and monitoring reports on the implementation of the PAR Action Plan were published on the GoG webpage.

There is a lack of public awareness regarding the PAR Reform. According to the UNDP Georgia, only 38% of population have heard about it.³ The Public Administration Unit at the Government Administration has started to elaborate Communications Strategy and Action Plan in order to remedy the challenge. The work is planned to be finalised in September 2020.

What Has Been Done

This document examines, three policy areas from the PAR Roadmap on the grounds that they are the most challenging: policymaking, accountability and service delivery. It explores the progress on them that the GoG has made to date towards implementing requirements

1 Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part (30.8.2014), <https://bit.ly/2VxoYL6>

2 Public Administration Reform Roadmap, Government of Georgia (2015), <https://bit.ly/3aA9XMI>

3 Public trust in Georgia's civil service is strong but challenges remain, UNDP Georgia (2019), <https://www.ge.undp.org/content/georgia/en/home/presscenter/pressreleases/2019/PAR.html>.

of the PAR Roadmap and the PAR Action Plan.

The lack of **common policy** standards and methodology has created challenges in Georgia for years. In December 2019, to ensure common standards in policy-making and evaluation, regulatory and methodological documents for policy development and coordination system in Georgia were adopted by the #629 Government Decree.⁴ This decree introduced mandatory methodological and quality-oriented requirements in order to advance evidence-based and results-oriented policy-making practices in Georgia as part of the wider Public Administration Reform.

In terms of **transparency and accountability**, important commitments to improving access to public information through the adoption of a Freedom of information Act (FoI) was included in the PAR action plans. The FoI was drafted in 2014 but not been adopted. Regulatory Impact Assessment (RIA) became mandatory in 2020 in order to ensure transparency in the legislative processes.

The overall effectiveness of **public service delivery** in Georgia has improved substantially in many ways during the last decade. Programme budgeting has been implemented for the last few years and Public Service Halls have been established in the regions to deliver basic services to the local population; community centers are being created actively, operating 78 of them in Georgia as of 15 June, 2020. Some important steps have been made in term of providing electronic services, which includes creation of citizen's portal MY.GOV.GE providing up to 467 services for citizens.

Remaining Challenges

Despite the steps made towards implementing the PAR roadmap and the Action Plan, there are important challenges remaining and these need to be adequately taken into consideration in order to ensure successful implementation of the reform.

In terms of **policymaking**, as mentioned above, the GoG adopted new detailed methodology and standards. However, the Government Administration institution overseeing uniform policymaking and monitoring is very weak. This Unit is staffed with only four people to check the quality of over 90 policy documents and monitoring reports, which raises questions regarding the quality of the oversight. During 2019, 30 policy documents have been reviewed by the Unit.

The PAR Action Plan does not provide for ambitious reforms to achieve the objectives set forth by the Association Agreement and the 20 Deliverables adopted by the Eastern Partnership. Instead of determining commitments towards new reforms, the document copies old commitments from previous policy documents which have been left unimplemented for years.

The Lack of ambition of the Action Plan is demonstrated by the limited response to the commitment to improve access to an open data system (objective 3.2).⁵ Only three agencies have been selected as responsible institutions for implementation of this objective (Civil Service Bureau, Ministry of Finance and Municipal Service Development Agency). This makes it impossible to achieve the planned objective and demonstrates the failure to comply with the commitment.

In terms of **transparency and accountability**, the important commitment of improving access to public information by adopting the FoI was supposed to have been completed a few years ago, according to the PAR action plans. The FoI was prepared in 2014 but has been shelved for the last five years.

⁴ Government Decree №629 of 20 December 2019, <https://bit.ly/2xUAUh3>

⁵ PAR Action Plan 2019-2020, <https://matsne.gov.ge/ka/document/view/4586360?publication=0>.

Few CSOs are members of the PAR Council, so the lack of involvement of CSOs from the initial phase of policy preparation remains a problem.⁶

Proactive publication of information is an integral part of accountability and transparency, but there are visible challenges in this area in the country. The existence of a legal and institutional framework regarding access to public information has not led to timely responses to public information requests or proactive disclosure of public information. As of May 2019, 15 out of the 100 monitored public institutions either had no public information section on their websites or did not have a website at all. In 2019, the average rate of compliance on proactive disclosure of public information was 53%, which is 18% less than in 2014. Nine of the 13 central public institutions have worsened their proactive disclosure rate since 2014.⁷

As mentioned above, the overall effectiveness of **public service delivery** in Georgia has improved substantially in many ways during the last decade. However, inconsistencies and asymmetries in the development of public services remain problematic. While the state's overall capacity to achieve its goals has increased substantially, the reforms have not touched all service providers evenly.

According to the UN E-Governance Index, Georgia comes 60th out of 193 countries with a score of 0.69.⁸ In terms of online services, Georgia is far behind the average score of European Countries and even behind countries like Russia, Kazakhstan, Moldova, Azerbaijan and Belarus. Among the EaP countries, while Georgia comes second after Belarus (Belarus is 38th with the score of 0.76), in terms of online services, only Armenia and Ukraine are behind Georgia. Just a small proportion of government agencies provide online services in Georgia, which affects the regions particularly negatively.

Public service delivery sector suffers from a lack of strategic planning and common standards for providing services, including e-services. Hence, all agencies create services based on their own needs, which then complicates the standardisation of existing services.

In addition, there are no systems or mechanisms for monitoring and evaluating service delivery projects or programmes; although programme budgeting has been implemented for the last several years, functional operability of performance indicators are probably years away.

Links with the Association Agreement

The impetus for Public Administration Reform arises from the EU-Georgia Association Agreement. According to Article 4 of the Agreement, the parties should: cooperate on developing, consolidating and increasing the stability and effectiveness of democratic institutions and the rule of law; pursue further public administration reform and the building of an accountable, efficient, effective, transparent and professional civil service.

The GoG initiated the PAR reform and adopted the PAR Roadmap 2020 in order to comply with the provisions of the Association Agreement. For that reason, the Roadmap makes numerous references to the Association Agreement.⁹

6 PAR Action Plan 2019-2020 was introduced for consultations only when the draft was already prepared.

7 https://idfi.ge/public/upload/IDFI_2019/General/proaqtiuli_ENG.pdf

8 UN E-Government Survey (2018), <https://bit.ly/2x3SEWM>

9 Public Administration Reform Roadmap, Government of Georgia (2015), p. 3, 8, 9, etc.

Conclusions and Recommendations

As shown in this assessment Georgia has made some efforts towards implementation of Deliverable 11 by adopting, for example, a common policy standard and methodology, introducing Regulatory Impact Assessment to the legislative process, implementing programme budgeting, equipping regions with Public Service Halls. However, challenges remain in all directions: weak oversight mechanism for coordinating policy-making; lack of ambitious reforms anticipated in the PAR Action Plan and a low implementation level; lack of the involvement of CSOs from the initial phase of policy preparation; lack of proactive publication of all information; inconsistencies and asymmetries in the development of the public services, etc.

In order to meet the existing challenges of the PAR implementation it is recommended that the GoG:

- Commit to implementing ambitious reforms, finalise those launched years ago (including FoI) and initiate new ones.
- Ensure that there is proper monitoring of the implementation of the PAR Action Plan, and that the findings are published in reports that are made public.
- Ensure that the public and CSOs and all relevant stakeholders are made aware of the PAR monitoring process by publicity and are encouraged to participate. All should be engaged and informed about the ongoing reform and given the opportunity to provide their feedback.
- Ensure participation of the CSOs, including regional ones, in the monitoring of the PAR implementation, which will help the GoG adjust the Action-Plan implementation process to bring it in line with the findings and observations of the CSOs.
- Raise awareness about the reform in order to stimulate public demand for more ambitious reform commitments.
- Hold public consultations when initiating any reform connected to PAR. Representatives of the Administration of Government and thematic/relevant state institutions should actively organise meetings with the local population and offer people the opportunity to give feedback about the actions taken and the challenges encountered in the reform implementation process.
- Adopt common rules and standards for service delivery and monitoring and ensure that the services are adequately delivered in a coordinated manner in the capital as well as in regions.

12

Stronger security cooperation

Dr. Shalva Dzebisashvili, Head of Political Sciences and International Relations Program of the University of Georgia/ Founder of the Georgian Strategic Analysis Center (GSAC)

Present Status

Based on common commitment and tangible results to be achieved within the 2020 Deliverables framework, partner countries including Georgia requested a stronger cooperation with the EU in security and disaster risk management areas (**Deliverable 12**) to improve their capacity to fight against organized crime (firearms trafficking etc.), make them more resilient to hybrid and cyber threats, to mitigate CBRN and other disaster (natural or man-made) risks, and to prevent and manage crises. Resulting from the revised Eastern Partnership multilateral architecture at Brussels Summit in 2017, four cooperation platforms had been adopted, of which the **1st Platform-Strengthening Institution and Governance** addresses the human security along with the more traditional analysis of external and internal threats and makes emphasis on the increased resilience and the capacity of disaster risk management of partner countries.¹ Policy efforts in these areas represent major preconditions to improve citizens' trust in state, long term stability and safe climate for investment, that in turn must be fully implemented through bilateral and multilateral frameworks.² According to the Eastern Partnership Index 2017 Georgia needs stronger democratic control mechanism in the security sector and effective and comprehensive implementation, rather than merely formal application of the AA-requirements.³ The security cooperation under the **Deliverable 12** places special emphasis on the **full compliance with the Budapest Convention** and the **improved capacity of disaster risk management**, rather than only emergency responses.⁴ The government sources that are publicly available are widely featured by vague content and unspecific outcomes of actions planned or conducted. Thus, often multiple cross-source comparison had to be done to come up with sufficient conclusion on the progress achieved in many target-areas. Some important questions are still pending for clarification due to the lack of cooperation and reluctance of certain governmental agencies in Georgia to provide information update in written form or via individual interviews. The newly created National Security Council (NSC), and the Ministry of Defence of Georgia are positive exceptions in this regard.

What Has Been Done and Remaining Challenges

In the area of Combating Organized Crime, where Georgia is expected: 1- to improve its capacity in illicit firearms control, 2- in intelligence sharing, and 3- joint (multinational) actions, a number of steps had been initiated. Georgia signed cooperation agreements with many EU and Schengen Zone countries on fight against crime and work is underway to improve joint efforts with EU-member states to combat organized crime via joint inves-

1 "WORK PROGRAMME – PLATFORM 1 (2018-2019)," EAP: Eastern Partnership, 2018, 1–2.

2 "JOINT STAFF WORKING DOCUMENT: Eastern Partnership - 20 Deliverables for 2020, Focusing on Key Priorities and Tangible Results," SWD(2017) 300 final (Brussels: European Commission, High Representative of the European Union for Foreign Affairs and Security Policy, September 6, 2017), 4, <https://library.euneighbours.eu/content/eastern-partnership-20-deliverables-2020-focusing-key-priorities-and-tangible-results>.

3 Jeff Lovitt, ed., Eastern Partnership Index 2017 (Brussels: Eastern Partnership/Civil Society Forum, 2018), 56,64, <http://eap-csf.eu/eastern-partnership-index/>.

4 "20 Deliverables for 2020: Monitoring – State of Play March 2019" (EU/EAP/Eastern Partnership), 4, accessed May 1, 2020, https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20_deliverables_for_2020_monitoring_state_of_play_2019.pdf.

tigation teams.⁵ Building upon the agreement with the EUROPOL in 2017 and to increase cooperation efforts Georgia joined two analytical projects of EUROPOL and actively participated in educational and training activities.⁶ In 2018 the Georgian Ministry of Internal Affairs (MOI) and EUROP signed the MOU on “Secure Communication Channel” and “Liaison Agreement” between Georgia and EU.⁷ Bilaterally, an intelligence sharing agreement was signed with a number of EU-states and the respective personnel had been trained for the secure communication with EUROPOL (“SIENA”- Secure Information Exchange Network Application) installed in MOI in April 2019 and.⁸ As for arms control cooperation, Georgia issued number of important reports, however it is not clear, to what degree the European Council decision (2013/768/CFSP) on implementing EU ATT Outreach Project and decision 2015/2309/CFSP on activities facilitating the EU P2P Export Control Program for Arms were implemented, i.e. no information was available on progress of adopting European export control and illicit arms trade control standards. Although most of the progress can be attributed to education, training and legal provisions, little can be said on developing the roadmap within the ATT implementation, and the dual use export controls. The general problem is the lack of the concrete and detailed description of targets/results to be achieved, which makes the evaluation of the made progress quite difficult (also voiced by the State Audit Service).⁹ Thus, based on the analysis of the publicly available sources in this area of cooperation, the conclusion can be made that the substantial progress in achieving the planned objectives is in place with some areas to be paid more attention to (in defining measurable outcomes) and more information be provided publicly.

In the area of Fighting Cybercrime, that requires :1- the creation of the strategy or action plan on cybercrime based on EU best practices, 2- fully operational cybercrime units (CERTs-computer emergency response teams) in relevant state agencies, 3- increased public-private cooperation and a full alignment with the Budapest Convention, following progress can be reported. The Ministry of Defense (MOD) made some progress in terms of monitoring network operations, incident management and participation in international training.¹⁰ The MOI conducted a cyber prevention course for a large number of its personnel (hundreds), and conducted multiple cyber training and informational meetings with society. Additionally, the launched “cybereast” project improves the MOI capabilities and requires the adoption of legal provisions in line with Budapest convention. Although the new regulatory framework is being developed to ensure private sector compliance with the new cyber security standards¹¹, and a new (third) version of the Cyber-Security Strategy had been drafted¹² the document (finalized by the Ministry of Justice) is pending for interagency review and governmental approval.¹³ The national CERT is fully operational and in permanent contact with EU-CERT.¹⁴ Procedures have been developed to mitigate

5 “Main Data and Directions of the State for 2020-2023, ქვეყნის ძირითადი მონაცემები და მიმართულებები 2020-2023 წლებისათვის” (Tbilisi: საართველოს მთავრობა, Government of Georgia, 2020), 11, <https://mof.ge/5253>; “Ministry of Interior Report 2018” (Tbilisi: Ministry of Interior of Georgia, 2018), 10, <https://info.police.ge/uploads/5cf7e783a0c6d.pdf>.

6 “National Strategy on Fight against Organized Crime 2017-2020” (Tbilisi: Government of Georgia, May 5, 2017), 29, <https://info.police.ge/uploads/5a8fea79270a2.pdf>.

7 “Ministry of Interior Report 2018,” 9.

8 “National Action Plan 2019 (January-June) Implementation Report , 2019 წლის ეროვნული სამოქმედო გეგმის შესრულების ექვსი თვის (იანვარი-ივნისი) ანგარიში” (Tbilisi: Ministry of Foreign Affairs of Georgia, September 2019), 17.

9 “Audit Annual Report 2019 on Budget 2018 Spending; მოხსენება საქართველოს 2018 წლის სახელმწიფო ბიუჯეტის შესრულების წლიური ანგარიშის შესახებ” (Tbilisi: State Audit Service, May 20, 2019), 74, <http://www.parliament.ge/ge/kanonmdbloba/announcements-all/announcements-main/2018-angarishi.page>.

10 “Georgia State Budget Priorities and Programs 2019, საქართველოს სახელმწიფო ბიუჯეტის პრიორიტეტები და პროგრამები,” State Budget Implementation Report (Tbilisi: Ministry of Finances of Georgia, 2019), 91, para. 2.19, <https://mof.ge/5263>.

11 “Response of the National Security Council of Georgia to the Written Questions on EAP2020 Deliverables” (Tbilisi: National Security Council of Georgia, January 30, 2020).

12 “Georgia State Budget Priorities and Programs 2020, საქართველოს სახელმწიფო ბიუჯეტის პრიორიტეტები და პროგრამები” (Tbilisi: Ministry of Finances of Georgia, 2020), 229-30, <https://mof.ge/5261>.

13 “Response of the National Security Council of Georgia to the Written Questions on EAP2020 Deliverables.”

14 “Response of the National Security Council of Georgia to the Written Questions on EAP2020 Deliverables.”

fishing and other cyber attacks on commercial banks and state services, as well as further improve cyber defence capabilities.¹⁵ However, there are still challenges to overcome. In the Ministry of Justice the program network censors were not installed in 2019, and postponed for 2020.¹⁶ In 2019 the Ministry of Defence planned to join the multinational Malware Information Sharing platform (MN MISP) and to create the Security Operation Center (SOC)¹⁷. Yet as indicated in MOD Minister's Directives document, the funding both for the entire defence sector as well as for cyber-security mission will remain constant for the period of 2019-21, which (already insufficient), implies its gradual decline and inability to expand cyber defence capabilities.¹⁸ Except the short passage in the national cyberstrategy 2017-2018, any explicit reference to the critical importance of the Budapest Convention on Cybercrime in other government and publicly available documents is difficult to find. Consequently, the progress and commitments made in the area of cyber crime can be assessed as partially implemented.

Cooperation in the CSDP/CFSP framework aims at: 1-increasing interoperability of partner nations to participate in EU-missions, and 2- incorporation of CSDP/CFSP elements in educational curricula and training systems of partner countries. Here Georgia shows its firm commitment to continue strategic dialogue with the EU and contribute to EU-missions by participating in EUTM RCA and EUTM Mali.¹⁹ Georgian units selected for EU missions meet all interoperability requirements bilaterally or under the CSDP mechanism for EaP countries.²⁰ Some aspects of the CSDP/CFSP are reflected in the military educational curricula and number of MOD-representatives took part in multiple training courses.²¹ Representatives of Georgian Ministry of Foreign Affairs (MFA), MOD and MOI participated in various meetings of various formats and levels. On the strategic level, however, Georgia still lacks a valid strategic document, that would highlight its national security and defence related objectives, ways and means of their achieving that would correspond, among others, to the needs of security cooperation with the EU. The long awaited "National Defence Strategy 2020-2030", launched in 2018 is still under review and pending for final approval, which prevents the development of the "National Preparedness Plan", the clear distribution of tasks and responsibilities in cases of war and national crisis/emergency. Furthermore, the revised draft of defence code has still to undergo certain (legal/bureaucratic) procedures to be approved in 2020. Consequently, it can be concluded that a substantial progress has been made in achieving planned objectives.

In the area of Improved Capacity in Disaster Risk and Response Management

Georgia has committed to 1- reinforce the protection of critical infrastructure (CI), 2- develop and implement national and regional disaster risk management policies, 3- adopt disaster risk reduction strategy in line with the Sendai framework, 4- closely cooperate with the EU Civil Protection Mechanism, and 5- strengthen capacity to mitigate CBRN and terrorist threats. The National Security Council (NSC) is a leading entity in developing CI-regulatory framework, its update and coordinating national efforts in this regard. Before transferring the coordination authority to the NSC a collaborative work was done under the auspices of the MOI and the existing legal framework, sectoral practices and systemic deficiencies have been analyzed ("gap analysis"). The derived conclusions will be reflected in the National Strategy on Critical Infrastructure and its respective action plan and the work is

15 "Georgia State Budget Priorities and Programs 2020, საქართველოს სახელმწიფო ბიუჯეტის პრიორიტეტები და პროგრამები," 62, para. 2.19.

16 "Georgia State Budget Priorities and Programs 2020, საქართველოს სახელმწიფო ბიუჯეტის პრიორიტეტები და პროგრამები," 146.

17 "Minister's Vision 2020" (Tbilisi: Ministry of Defence of Georgia, 2020), 17, <https://mod.gov.ge/ge/page/48/ministris-direqtivebi>.

18 "Minister's Directives 2019" (Tbilisi: Ministry of Defence of Georgia, 2019), 12, 22, <https://mod.gov.ge/ge/page/48/ministris-direqtivebi>.

19 "National Action Plan 2019 (January-June) Implementation Report , 2019 წლის ეროვნული სამოქმედო გეგმის შესრულების ექვსი თვის (იანვარი-ივნისი) ანგარიში," 12.

20 "Response of the Ministry of Defence to the Written Question on EAP2020 Deliverables" (Tbilisi: Ministry of Defence of Georgia, March 2, 2020).

21 "Response of the Ministry of Defence to the Written Question on EAP2020 Deliverables."

ongoing (supported by foreign partners) on the national list of CI-objects as well as the respective risk assessment methodology & security standards.²² For the time being the adopted CI-Protection Strategy and the respective action plan are not in place. According to PPRD East2 concrete results were aimed in the sub-areas of civil protection.²³ Despite the progress made in electronic system on incident registration and operations control (eFris), the fire security monitoring electronic system and the technical regulatory and firefight compliance standard,²⁴ the state budget for 2020 provides little information on the steps in this regard (objects with risks of technical hazards).²⁵ The MOI indicated in 2018 the “Joint Emergency Management System” to be created and become operational no later than 2021.²⁶ The national Disaster Risk Reduction Strategy 2017-2020 with its respective action plans incorporates objectives of Sendai Framework 2015-2030, and other international documents (SDGs 2015, UNFCCC1992).²⁷ However much has to be done on local (municipality) level to reflect and effectively implement national level Action Plan requirements, as well as to improve the decision making process on strategic and operational levels.²⁸

In 2018 the EU and Georgia signed an administrative agreement on Civil Protection and Disaster Risk Management.²⁹ Based on the recommendations of the EU Civil Protection Evaluation Team (2-and 5 years perspective) a 5 years long institutional development plan had been drafted. However due to the structural reshuffling and significant cuts of funding the plan had not been adopted. Similarly, despite the adoption of the national “disaster risk reduction strategy 2017-2020” in 2017, the disaster risk management action plan, drafted and provided to Directorate General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) for review and recommendations, is not yet approved and implemented.³⁰ The planned activities under the SAFE project are difficult to monitor due to the lack of available information.. As for the strengthened capacity to respond to CBRN threats and terrorism, the State Security Service of Georgia continues to work on better radiation control on border cross points (technical and software program upgrade) and updated its “Personal Alert System” (under US assistance).³¹ Noteworthy, that a separate CBRN-unit (Emergency Management Agency) has been created in Poti, West Georgia and a CBRN response section under the Special Task Department. MOD continues its effort to improve technical and training capabilities of the CBRN-unit and sent its representatives to multiple sessions and conferences.³² Proposals to improve chemical and radioactive waste management system made by Georgian side received no funding according to the State Main Data and Directions document for 2020-2023.³³ Consequently, it can be concluded that only partial progress has been made in achieving planned objectives in the mentioned field.

22 “Response of the National Security Council of Georgia to the Written Questions on EAP2020 Deliverables.”

23 “PPRD East 2: Prevention, Preparedness and Response to Natural and Man-Made Disasters in the Eastern Partnership Countries” (Brussels: European Union, 2019), 1,12, <https://europa.eu/capacity4dev/pprd-east-2>.

24 “Georgia State Budget Priorities and Programs 2019, საქართველოს სახელმწიფო ბიუჯეტის პრიორიტეტები და პროგრამები,” 80–81.

25 “Georgia State Budget Priorities and Programs 2020, საქართველოს სახელმწიფო ბიუჯეტის პრიორიტეტები და პროგრამები,” 77.

26 “Ministry of Interior Report 2018,” 20; “Main Data and Directions of the State for 2018-2021; ქვეყნის ძირითადი მონაცემები და მიმართულებები 2018-2021 წლებისათვის” (Tbilisi: Government of Georgia, Ministry of Finances, January 29, 2018), 9, <https://mof.ge/images/File/BDD/2018-2021/saboloo/BDD-2018-2021-29.01.2018-saboloo.pdf>.

27 “Response of the National Security Council of Georgia to the Written Questions on EAP2020 Deliverables.”

28 “Georgia State Budget Priorities and Programs 2020, საქართველოს სახელმწიფო ბიუჯეტის პრიორიტეტები და პროგრამები,” 55–56

29 “Response of the National Security Council of Georgia to the Written Questions on EAP2020 Deliverables.”

30 “National Action Plan 2019 (January-June) Implementation Report , 2019 წლის ეროვნული სამოქმედო გეგმის შესრულების ექვსი თვის (იანვარი-ივნისი) ანგარიში,” 32.

31 “State Security Service Report 2018” (Tbilisi: State Security Service of Georgia, 2019), 18, <https://ssg.gov.ge/uploads/%E1%83%90%E1%83%9C%E1%83%92%E1%83%90%E1%83%A0%E1%83%98%E1%83%A8%E1%83%94%E1%83%91%E1%83%98/%E1%83%90%E1%83%9C%E1%83%92%E1%83%90%E1%83%A0%E1%83%98%E1%83%A8%E1%83%98%202018.pdf>.

32 “Georgia State Budget Priorities and Programs 2019, საქართველოს სახელმწიფო ბიუჯეტის პრიორიტეტები და პროგრამები,” 76.

33 “Main Data and Directions of the State for 2020-2023, ქვეყნის ძირითადი მონაცემები და მიმართულებები 2020-2023 წლებისათვის,” 24.

Conclusions and Recommendations

Despite the tangible progress made in the areas identified by the **Deliverable- 12**, the overall picture still renders quite mixed results. Thus we suggest following recommendations to be implemented:

- There is a clear need for specific information on how planned objective was/is being achieved, and if not, why. For instance, the clearer picture of the EU P2P program implementation would be of great value. The objectives described in a vague manner allows for merely general interpretation and inability to define concrete/specific outcomes. Thus, this tendency has to be reversed, making the evaluation of tangible results possible.
- Plenty of important documents (e.g. CI-Protection Strategy, National Defence Strategy, National Preparedness Plan, Cyber Security Strategy and Action Plan, etc.) are being revised or in the phase of approval far too long, impeding the implementation of many crucial policies and plans at national or agency levels. This is often caused by the bureaucratic hesitance or structural changes, e.g. reshuffling. Therefore, it is strongly advisable to improve and transfer the coordination, interagency review, and control responsibility to a single coordination body, the NSC, which is currently limited in its capacity to execute those missions.
- Though all of the state agencies involved in the **Deliverable- 12** are actively implementing number of actions there is little evidence of the coordinated action, but rather a technical aggregation of activities in different areas. This points towards the lack of internal discussion and collaborative approach, which can be further supported by the lack of evidence of the sufficient funding in the state budget for mid-term perspective, that would indicate and guarantee the timely implementation of the needed activities at various levels. Thus we strongly suggest to include all financial appropriations in budgetary plans of the relevant agencies and the state budget.
- Our study suggests additionally to look at the progress achieved in the format of Individual Implementation Action Plan for Georgia on CSDP-related matters as provided by Public Study Report in March 2017, in which actions are marked as having High, Medium, or Low priority, thus better to check in terms of their relevance and urgency.³⁴

34 "The Consolidation of Inter-Institutional Cooperation and Communication Mechanism on CSDP-Related Matters: Case Study: Republic of Georgia," HiQSTEP PROJECT (KANTOR Management Consultants Consortium, March 2017), 7–9, <https://library.euneighbours.eu/content/consolidation-inter-institutional-cooperation-and-communication-mechanism-csdp-related-matte>.

STRONGER CONNECTIVITY

Connectivity, energy efficiency, environment and climate change

13

Extension of TEN-T core networks, Transport

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The EU Communication *Eastern Partnership - 20 Deliverables for 2020* - focusing on key priorities and tangible results recommends that EaP partner states should pay special attention to the "...extension of TEN-T core networks (Deliverable 13). This includes road, rail, ports and airports and inland waterways, which will be supported following a long-term investment action plan that should complete TEN-T network by 2030. Progress is expected to be made towards the signing of Common Aviation Area Agreements". This report evaluates the progress on the above and other targets of "Deliverable 13".

1. Target: Implementation under way on six missing links on the extended core TEN-T network with an agreed pipeline of projects in place.

On 18 July 2018, during the high-level meeting, European Commission and the Government of Georgia agreed on the railway and road networks, ports and airports in Georgia to be included in the TEN-T extension plan. EU Regulation No 1315/2013 provides for the possibility of adapting maps for the trans-European transport network (TEN-T), extending it to EaP countries, including Georgia. Motorways connecting Georgia with Azerbaijan, Armenia, Turkey and the Black Sea ports and three branches of Georgian railroads - Baku-Tbilisi-Batumi/Poti, Baku - Tbilisi - Kars (Turkey) and Tbilisi-Erevan and Tbilisi airport - have been included in the core transport network map, marking them as extensions of TEN-T. At the end of 2018 the EU adopted the EaP TEN-T Action Plan, which includes 18 investment projects to be implemented in Georgia in partnership with the EU and other financial institutions.

a. The projects to be completed in 2020.

Batumi Bypass Road Project: Financed by the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) - Actual progress of works in January 2019 was 48% against a planned 67%. The Contractor submitted a request for an extension until the end of August 2021.¹

Kobuleti Bypass Road (section KM12+400- KM31+259) financed by Asian Development Bank (ADB) was completed in 2018, but the "defect liability" period started on June 2018. The full completion is expected by the end of March 2020.

Contract for the **East - West Highway (EWH) (Khevi-Ubisa Section) Improvement Project** (ADB funded) was awarded in 2019. Its completion was planned for 2020. The works have been extended until 2022².

The **Samtredia- Grigoleti** sequence of the EWH (EIB financed), has been divided into four lots, and the construction of two lots has been delayed because of legal processing with the contracted companies. An international company, engaged for the construction of a third lot has not even started construction work and has resigned; the work will apparently be delayed until 2022.

¹ GEOROAD, Bi-Annual Environmental Monitoring Report, Republic of Georgia: Batumi Bypass Road Project, January 2020, available at: <https://bit.ly/34FMdFD>

² GEORAD, Semi-annual Environmental Monitoring Report, Georgia: East - West Highway (Khevi-Ubisa Section) Improvement Project, January 2020, available at: <http://www.georoad.ge/uploads/files/khevi%20ubisa.pdf>

Tbilisi-Batumi railway is undergoing intensive reconstruction, which consists of rehabilitation of electric lines, stations, bridges, etc., and construction of a new railroad, which avoids complicated mountainous terrain. A new sequence of the railway will be 38 km long and an additional 23 km has been rehabilitated. The reconstruction will allow the reduction of the track's decline and reduces the bends and the size of the curves; tunnels and other improvements are almost completed. After completion, both the safety and the speed of transportation will increase: Tbilisi-Batumi travel time will contract by 20%,³ and the annual freight capacity will triple. December 30, 2019 the government decree set new date for completion of the project – end of 2021.

Anaklia Deep Sea Port would be the first Georgian deep-water container port. The project encompasses nine phases, with a total investment of \$2.5 billion. The first phase was expected to be finished in 2020, by when the port should have started operating. An investigation, in which the Prosecutor's Office initiated charges against some members of the Council of the Anaklia Consortium. According to the named members of the consortium council the occurrence affected potential investments, including that from the European Investment Bank (EIB). Consequently, the commitment to attract necessary investments failed and the the Government cancelled the agreement with the consortium in October 2019. The project has been delayed “until the formation of a new consortium”.

Two new **bridges**, which would substantially improve the traffic-flow along the **EWB**, were to be have been constructed by 2020. The tender for the cross-border “**Friendship Bridge**” between Georgia and Armenia (worth EUR 6 million and financed by the International Bank for Reconstruction and Development (IBRD) was awarded in 2018. The technical side of the project has been prepared but construction has not started yet⁴ The ADB has committed EUR 25 million for construction of the **Grogoleti-Poti Bridge** over Rioni River. Construction started in March 2020 and will be completed in two years, therefore, the setting of a 2020 \completion date was over-optimistic.

b. Long- term projects (up to 2030)

The Logistical Centers in Tbilisi and Kutaisi, which are important for stocking cargo moving through the Europe Asia transport corridor, was initiated a few years ago. **The Kumi-si-Tbilisi logistical center** project (costing EUR 78, 3 million) is supposed to be financed by the EIB, and the Kutaisi Logistics center with EUR 61.5 million from the ADB. *Dornier Consulting International* (Germany) produced a feasibility study and prepared the technical documentation. The call for interest for the construction was issued in 2018 and eight international companies in total submitted applications, however, the government rejected all applications and both projects remain pending.

Road and Rail links to the Anaklia Deepwater Port (EUR 100 million): the construction project and tender documentation, prepared by an Australian multinational company, was ready late in 2019. However, it is unlikely that construction will start before a new consortium is established for the whole Anaklia port project. The overall cost of the **Deepwater port Anaklia project** amounts to USD 2.5 billion. The start of construction of the second phase was envisaged for 2020 and the project cost estimated at EUR 233 million (as described above). Now that the development consortium, officially contracted to develop the project, has been dissolved the Government has said it intends to organise a new tender, however, the final outcome is not yet clear and there is a considerable risk that the construction will be delayed.

3 Cerecprogram, Georgian Railway-Georgian Railway Modernization Project, n.d., available at: <https://bit.ly/2z3fb6Q>

4 Panorama, Armenia, Georgia plan to build Friendship Bridge over the Debed River, 2020, available at: <https://www.panorama.am/en/news/2020/02/12/Armenia-Georgia/2238310>

Construction of Grigoleti- Kobuleti highway – the €101 million contract was awarded to a Turkish company in December 2018 with completion envisaged in 2020. The construction plan was not fulfilled in 2019 and completion has been postponed, allegedly for two years.⁵

Construction of the Batumi by-pass/Sarpi road (EIB €115 million, ADB) is an important section (12 km) of the EWH reaching the Georgia-Turkish border and completion was envisaged for 2018-2020. The feasibility study was produced in 2018 but the government failed to start detailed project development works and the new dates set for construction are⁶ 2021-2024.

Kutaisi airport cargo terminal is a PPP project to be supported by the EIB (EUR 61 million). Works have not yet been initiated.

Chumaleti- Argveta highway – This is a multi-billion-euro project for a mountainous section of the EWH. The construction project was divided in four subsections and is being financed by EIB, World Bank (WB), ADB and the Japanese International Cooperation Agency (JICA). The whole project (51 km of road with 98 bridges and 53 tunnels) was scheduled to be finalised in 2022. However, a delay is expected in at least one subsection, for which a 2019 tender was unsuccessful and this has been postponed.

The **Rustavi- Red Bridge** highway (EUR 115 million has been committed by the EIB) is also an important section of the EWH, leading to the border with Azerbaijan. An Environmental Impact (EIA) Assessment and Resettlement Policy Document has been produced, but no information about the actual starting date for construction is available.

Algeti- Sadakhlo road – this EUR 90 million worth project will link the EWH with the Georgia-Armenia border and is also at the stage of technical development. The works, according to the State Road Department, will start in 2020 and be completed in 2022.⁷

2. Target: Financial mechanisms agreed with Partner Countries and IFIs. Bottlenecks in the logistic chain removed, through smaller- scale- projects with high added value i.e. ‘quick wins’.

Financing of the majority of the projects above has already been agreed with the donors. At EU-Georgia Dialogue on Highest Level. It was agreed that Georgia and the EU would cooperate on implementation of 18 infrastructural development projects which are important for strengthening and easing mutual connectivity. The overall cost amounts to EUR 3.4 billion and the majority of the projects are/will be supported by EIB, others by the ADB, IBRD and JICA and implemented through private-public partnerships. Environmental Impact Assessments (EIAs) have been produced for the majority of the projects, feasibility studies and technical documentations for tenders and, in many cases, technical projects have also been prepared. Construction of two “Quick-Win” projects (logistical centers in Kutaisi and Tbilisi) have not yet been initiated and most probably their completion will be delayed at least until the end of 2021.

5 Jorbenadze, T., „გრიგოლეთი-ჩოლოქის გზის მშენებლობა კონტრაქტორი კომპანიის მიზეზით შეფერხებულია – მთავრობა“, Batumelebi, 2019, available at: <https://batumelebi.netgazeti.ge/news/230138/>

6 Commerciant, “როდის აშენდება ბათუმი-სარფის ახალი ავტომაგისტრალი – დეპარტამენტის განმარტება”, 2020, available at: <https://bit.ly/2V97XH2>

7 SRD “Ongoing and Planned projects”, available at: <https://bit.ly/3cjdBvL>

3. Target: Having in place Common Aviation Areas with the six Partner Countries.

Georgia and EU signed the **Common Aviation Area agreement** in 2010, Georgia ratified it in 2011 and started regulatory changes according to the timetable attached to the agreement. All member states of the EU have also completed constitutional procedures and EU Internal procedures remain the last step for the agreement to come into the force. Meanwhile, Georgia continued approximation of legislation related to Aviation Transport in the EU Acquis.

4. Target: Negotiations ongoing for the inclusion of inland waterways (IWW) in the indicative TEN- T network. 2020 Inclusion of IWW into the indicative TEN- T network.

The target is not relevant for Georgia, as the country does not possess internal waterways.

5. Target: National road safety action plans adopted and national agencies established where conditions allow. a) Number of fatalities due to road accidents reduced; b) Investments in Black Spot improvements and Intelligent Transport Systems (ITSs); c) Awareness-raising campaigns and safety agencies/platforms established; d) Road design put and vehicle technical inspection services operational according to EU standards.

Since 2017, Georgian government has been implementing a **National Road Safety Strategy** through annual action plans. On January 30, the **Annual Action Plan 2020** was adopted. Decree 43/n of August 7, 2018 introduced a new status for the State Road Department and established a **Road Safety Division** responsible for regulatory, legal and physical changes aimed at securing implementation of the EU standards on road safety in the country.⁸ As regards to other issues:

a) **Numbers of road accidents** are gradually reducing. In 2019 there was a reduction of 10% compared to 2018 and the number of deaths caused by road accidents has fallen by 12% since 2017 as a result of

b) Installing 4, 467 surveillance video cameras and 261 speed control sections covering around 900 km roads were installed over the last three years.

Black Spots areas where there has been a high incidence of accidents have been identified since 2016, but the process has been spasmodic. In January 2020 amendments to the Law on Roads included an obligation for the government to identify all Black Spots, install the necessary warning signs and take preventive measures, including information campaigns to avoid further accidents.⁹ A Black Spot interactive map has already been placed at the internet.¹⁰ Investments were directed at installing metal barriers on dangerous areas of Georgian roads. Action Plan 2020 envisages installation of cameras, safety barriers and warning signs on 1200 km of "Black Spot" roads.

⁸ GEOROAD, საქართველოს რეგიონული განვითარებისა და ინფრასტრუქტურის მინისტრის ბრძანება #43/ნ, August 2018, available at: <http://www.georoad.ge/uploads/files/debuleba56.pdf>

⁹ Parliament, განმარტებითი ბარათი საქართველოს კანონის პროექტზე „საავტომობილო გზების შესახებ“ საქართველოს კანონში ცვლილებების შეტანის თაობაზე“, n.d., available at: <https://info.parliament.ge/file/1/BillReviewContent/240929>

¹⁰ See at: <https://formore.life>.

c) Road safety awareness, especially among young drivers, remains at a low level and the government needs to implement a wide-reaching communication campaign.¹¹ Recently the Ministry of Internal Affairs (MIA) activated a road safety campaign “*For more lives*” aimed at raising awareness among citizens. A National Accidents Data Electronic **Platform** (NA-DEP) has been developed and introduced as a pilot project;

d) The periodic technical inspection of motor vehicles has been introduced gradually from 2017 and since 2019 is compulsory for all categories of vehicles, although the inspection does not fully match Association Agreement (A) commitments. For example, as regards the emission control systems. A complete scheme of inspection will be introduced gradually.

Meanwhile Georgia continues approximation on transport legislation to EU directives.

Conclusions and Recommendations

Target 1. Achievements: Over the last decade Georgia has intensified its efforts to improve the country's transport system. The infrastructure projects included in the EU EaP TEN-T Action Plan are a priority: the majority of projects have been initiated, the funds mobilised and agreements with donors signed. **Kobuleti Bypass Road Section KM12+400-KM31+259** of the EWH has been completed; almost 90 percent of works for Georgian railway modernisation has been completed.

Issues: Among six projects that should have been fulfilled before 2020, four have been delayed but fortunately these delays are not dramatic - 1-2 years at maximum - but all the projects mentioned are crucial for improving connections with neighboring EaP states and Europe and have international significance. **Commencement of road and rail construction** linking the main highway and rail system with Anaklia Port has also been delayed, and **the next phases of Anaklia Port construction** are also endangered. Construction of the following highways, all part of the EWH linking South Caucasus with Turkey and Europe - **Grigoleti-Kobuleti highway, Batumi bypass-Sarpi road, Chumateliti-Argveta highway** - have also been delayed. As the financing of all the above-mentioned projects has been secured, the delays also indicate Georgia's lack of capacity to absorb international funding. (This was indicated as one of Georgia's weak point in the TEN-T Action Plan¹² and needs to be improved.)

Target 2. Achievements: Financing of projects has already been agreed with donors. Agreement was signed with the EU (in an EU-Georgia Dialogue on Highest Level) on implementation of 18 infrastructural projects. The majority of these projects are/will be supported by the EIB, and others by the Asian Development Bank and International Bank for Reconstruction and Development or the Japan International Cooperation Agency.

Issues: Important projects such as the construction of **logistic centers in Tbilisi and Kutaisi**, aimed at eliminating bottlenecks in the transport chain, have not even been initiated.

Target 3. Achievements: Georgia has made progress in implementing regulatory changes in accordance with the CAA and AA agreements.

Target 5. Achievements: A National Road Strategy has been adopted and is being implemented through annual action plans. The National Road Safety Agency (department) has been established and the numbers of accidents has been substantially reduced. Accident Black Spots have been identified on roads throughout the country and the necessary actions are being taken. A National Road Safety Agency (NADEP) has been developed.

11 Mamalashvili, E., “ეკა ლალიაშვილის თქმით, სტატისტიკურად ავტოავარიების რიცხვი შემცირებულია”, Itv, 2019, available at: <https://1tv.ge/news/eka-lalashvilis-tqmit-statistikurad-avtoavariebis-rickhvi-shemcirebulia/>

12 EU, The World Bank, Indicative TEN-T Investment Action Plan, 2018, available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ten-t_iap_web-dec13.pdf

Issues: Insufficient measures to raise awareness, especially among young drivers, have been introduced. Nor has the programme for technical inspection of cars been completed. There are some implementation delays (such as with technical inspections, or Black Spot management), but the progress is evident and continues in right direction.

- It is important that Georgian civil society, donors and partner countries pay more attention to TEN-T related projects and more intensively monitor completion of plans announced by the government and its contractors.
- The construction of the logistical centres in Tbilisi and Kutaisi should be given more serious treatment, as they are essential for attracting foreign cargos into the Georgian transport system.
- It is important to accelerate the construction of Anaklia Port in order to attract investors.
- The government needs to accelerate and improve conformity in fulfilling construction procedures and plans.
- Information on the status of works related to the implementation of TEN-T projects is not published on the websites of governmental agencies. There is no monitoring of results of strategies and action-plans on road safety to give a clear picture of the quality of performance, which makes it difficult civil society to learn of setbacks or failures.. It would be advisable for the TEN-T related projects to dedicate a special web page, updated at least every three months.
- Public campaigns and awareness-raising activities related to road safety need to be reinforced.
- Georgia's capacity to absorb international funding was indicated as a weak point in the TEN-T Action Plan¹³ and this remains unchanged needing improvement.

¹³ EU, The World Bank, Indicative TEN-T Investment Action Plan, 2018, available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ten-t_iap_web-dec13.pdf

Increase Energy Supply Security

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The targets for 2020 and the progress on each target are presented below:

Target 1. Defining projects involving Eastern Partners outside the Energy Community framework;

„The security of energy supply will be increased through enhanced gas and electricity interconnectivity among Partner Countries and between them and the EU. Furthermore, under the EU4Energy initiative, a higher degree of efficiency and transparency of the energy markets will be pursued.

Increased energy security will be achieved notably through the ongoing activities in the framework of the Energy Community and by developing an objective methodology for identifying key interconnection projects involving Partner Countries that are not Contracting Parties of the Energy Community. At the same time, EU4Energy activities will help improve the availability and quality of data for consumers, investors, researchers and policy makers, including through better management, analysis and translation of data into policy decisions“.

Target 2. Projects implementation review: update and review of key priority projects related to Eastern Partners.

Present status: The projects mentioned under these deliverables are mostly infrastructure projects aimed at strengthening the interconnection capacity between various Eastern Partnership and Eastern Neighbourhood countries, and the EU and among themselves. The definition of projects of Energy Community interest (PECI) and projects of mutual interest (PMI) is made by the Energy Community under the Adapted Regulation 347/EU/2013¹. The selected projects are posted to the Infrastructure Transparency Platform PLIMA². The projects include electricity transmission, storage, smart grid, gas transmission, storage, LNG/CNG infrastructure, oil transmission and storage. The projects are monitored and reviewed under the Energy Community Secretariat, PECI/PMI project realisation and monitoring strategy³. The most recent list of projects was adopted by the ministerial council of Energy Community in 2018⁴. Currently a call is open for the selection of projects of interest for 2020.

Georgia is geographically separated from the EU and energy community countries' markets. However, the EnC Ministerial Council approved the Cluster of Trans-Caspian Pipeline and South Caucasus Pipeline (further) Expansion (Gas 22) and the Cluster of Trans-Anatolia Pipeline and South Caucasus Pipeline Expansion (Gas 20-21) as the PECIs on 29 November 2018.

Remaining Challenges: Identification of the projects for support does not always meet the strategic objectives and goals of the Association Agreement with Europe (see the point 5 below). Some of the strategic projects identified as projects of common interest require

1 EU, REGULATION (EU) 347/2013 on guidelines for trans-European energy infrastructure and repealing Decision 1364/2006/EC and amending Regulations (EC) 713/2009, (EC) 714/2009 and (EC) 715/2009, 2015, accessible at: <https://bit.ly/2XxKQHN>

2 Energy Community, PLIMA: Infrastructure Transparency Platform, n.d., accessible at: <https://bit.ly/2JZI0Dv>

3 Energy Community, PECI/PMI Project Realization and Monitoring Strategy, n.d., accessible at: <https://bit.ly/2Va6v7r>

4 Energy Community, Decision of the Ministerial Council of the Energy Community, 2018, accessible at: <https://bit.ly/3chnZUZ>

much stronger support through the inclusion of political, financial and other possible measures (see discussion of Southern Gas Corridor below).

Target 3. Gas interconnection Ungheni- Chisinau operational⁵

Present status: This objective does not touch Georgia as an implementing partner, nevertheless Georgia as a participant of the EU4Energy program had a possibility of leading the In-Depth Review of the Moldovan energy sector, including the status and prospects of the Ungheni-Chisinau gas pipeline project. According to Moldova's Ministry of Economy and Infrastructure, the Ungheni-Chisinau strategic pipeline was not operational as of February 2020. Construction is underway and the completion is expected in the summer of 2020⁶.

Remaining Challenges: The project, even if constructed, needs the supplementary strengthening of the Romanian gas network, with two pumping stations and associated infrastructure. These works should be completed timely and Romanian connection should be made a regular operational connection for gas market diversification, vs current destination as an emergency supply only.

Target 4. Southern Gas Corridor operational and gas flowing to Turkey and the EU. Relevant progress on SGC extension towards Central Asia.

Present status: The Southern gas corridor (SGC) consists of the 648 km South Caucasus Pipeline (SCP) passing from Azerbaijani shores through Georgia to Turkey, the 1878km Trans Anatolian Pipeline (TANAP) traversing Turkey from East to West and the 878km Trans Adriatic Pipeline (TAP) passing on through Greece, Albania and Adriatic, to Italy. The SGC project was commenced to carry natural gas from the Azerbaijani Shah Deniz field and also potentially from Turkmenistan to EU markets. The SCP was extended in 2018 to carry 24 billion cubic metres of gas per annum (bcm/a); TANAP is designed to initially carry 16 billion cubic metres (bcm/a) of gas annually with potential to expand to 31bcm/a, while TAP is currently at 10bcm/a with the potential of expansion to 20bcm/a.

The inauguration ceremony of the TANAP was held on November 30, 2019, near Edirne in Turkey where TANAP was connected to TAP. The heads of state of Turkey, Azerbaijan and Georgia attended the ceremony.. TANAP already carries gas from Azerbaijan to consumers in Turkey, however commissioning of TAP is expected by the end of 2020.

The initial intention of the EU to source a significant amount of natural gas from the Caspian (including Turkmenistan) has not come to fruition. Even once implemented the TAP pipeline will be delivering only 10bcm/a to the EU, compared to 153bcm coming from Russia. Moreover, there is a high probability that Russia will make use of the SGC for export of its own gas to the EU at an initial stage, before Shah Deniz gas production catches up with TAP construction, and also later in case of TAP expansion to 20 bcm/a capacity⁷.

Remaining Challenges: The progress of the SGC expansion towards Central Asia is largely hampered by the opposition of Russia and Iran to the laying of subsea pipeline as well

5 Does not apply directly to Georgia

6 In-depth review of Moldovan Energy Sector, EU4Energy IEA mission 04-08.02.2020

7 Garibiv, A., „Could Russia Join the Southern Gas Corridor? The View From Baku”, Eurasia Daily Monitor, Volume 17, issue 17, 2020, accessible at: <https://bit.ly/3ej7WYp>

as lack of political will from Turkmenistan⁸ and Azerbaijan. Russia uses environmental considerations as well as the resumption of gas purchases from Turkmenistan to discourage the latter from supporting the long-discussed Trans Caspian Pipeline (TCP). Although the project is on the list of EU projects of common interest (PCI), EU support is weak and even an option of smaller subsea interconnection between Azeri and Turkmen production platforms has not seen any sizeable progress. Therefore, the prospects for the Trans-Caspian gas pipeline remain dim. The Georgian government has supported the promoters of the TCP through its participation, however, success has been very limited for the same reasons.

Target 5. Establishment of the NIF supported back-to-back electricity interconnection between Georgia and Armenia.

Present status⁹: The EU-supported interconnection project is a part of the “North-South” Energy Corridor Project - AGIR (Armenia-Georgia-Iran-Russia) - agreed on 16 September 2016, between Armenia, Georgia, the Islamic Republic of Iran and Russia. This project has relevance for electricity trading between Russia and Iran as well as benefits for strengthening the Georgian power system and giving it a stronger connection with the Armenian power grid through an asynchronous 500/400 kV HVDC back-to-back connection at Ayrum (Armenia). Georgia has implemented its part of the work by: 1. construction of a new 500/220 kV SS „Marneuli“; 2. rehabilitation of 500/220 kV SS „Ksani“; 3. the 500 kV OHL „Asureti“ (Ksani-Marneuli) connected with SS „Marneuli“ and 4. construction of the 500 kV OHL „Sno“ (Ksani-Dariali HPP [Stepantsminda])¹⁰. However, both Armenia and Russia have been reluctant to start matching activities.

The project is financed by KfW Bankengruppe on behalf of Germany and the EU Neighbourhood Investment Facility (NIF). The total allocation offered for Armenia is a €200¹¹ mln loan, while Georgia received and utilised several tranches together with TA (technical assistance) grants for the strengthening of its network⁸. The consultant for strengthening Georgia's power grid and increasing North-South transmission capacity is Fichtner GmbH.

Remaining Challenges: Neither Armenia nor Russia have undertaken matching construction activities. Russia has not even announced plans for construction of the Mozdok-Stepantsminda transmission line. According to the most recent information (GSE) relating to the substation in Armenia, the completion of the Ayrum substation has been announced with limited installed capacity - up to 350MW - and the completion of the transmission line by 2023. GSE intends to complete the construction of the 500kV overhead line to the border at the same time. Even if completed, the prospects for use of this interconnection are not clear and raise some doubts about its strategic importance for Georgia and its compliance with Georgia's European aspirations.

As a conclusion: the strategic importance of this project for EU and integration with European markets is questionable as the project intends to support integration with Russian and Iran power systems. On top of this, the reluctance of Armenia and Russia to implement their part of the work has rendered the investment in the Georgian network at least premature. The economic and financial feasibility of the project is therefore unclear, and the investment may not be of the highest priority having in mind other priorities and the financial position of the Georgian transmission operator.

8 Hajiev, S., “Turkmenistan should promote the Trans-Caspian Pipeline more actively”, EURACTIV, 2019, accessible at: <https://bit.ly/3a7BaGH>

9 Consultations with Georgian State Electricity Systems 04-05.02.20

10 GSE, Ten Year Development Plan 2019-2028, 2019, accessible at: <https://bit.ly/2yaVvgQ>

11 Consultation with KfW 12.02.2020

Links to EU- Georgia Association Agreement

The preamble of the Association Agreement (AA) names “enhancing the security of energy supply, including the development of the Southern Corridor by, inter alia, promoting the development of appropriate projects in Georgia; facilitating the development of the relevant infrastructure, including for transit through Georgia; increasing market integration and gradual regulatory approximation towards key elements of the EU acquis, and promoting energy efficiency and the use of renewable energy sources” as a major commitment by the various parties.

Chapter 11 of the AA defines the principles of energy cooperation, organisation of energy transit and energy markets. Article 211 stipulates that the Parties shall ensure transit consistent with their international commitments, in accordance with the provisions of GATT 1994 and the Energy Charter Treaty. Chapter 2 of Title VI defines Georgia's obligation on approximation of its legislation with the EU Acquis while Annex XXV lists the directives and regulations to be transposed. The Protocol for accession to the Energy Community Treaty defines the timetable of implementation of EU directives.

Georgia has met its obligations on energy transit and has deserved the reputation of a reliable transit country. It is also implementing the EU directives and regulations under Energy Community membership, although with some delays.

Under the Energy Community Accession Georgia has negotiated the derogations from EU legislation for its transit pipelines, both the SCP and North-South gas transit pipeline (NSGP) passing from Russia to Armenia.

While the rationale for derogation on SCP is still valid, it has lost its relevance for the North-South pipeline since monetary payment for transit was agreed with Gazprom Export. Now this exemption only creates unjustified non-transparency and should be lifted to allow open third-party access and regulated, transparent entry-exit tariffs.

Conclusion and Recommendations

There is a good progress on most of the targets of Deliverable 14 Energy Supply. with prospects of success by the end of 2020. Notably, this relates to gas flowing to the EU along the southern gas corridor. There is an established system of identification and review of the projects of common interest, (Targets 1,2). Construction of the Ungeni-Chisinau gas pipeline is underway (target 3) and Caspian gas is already flowing to Turkey via TANAP waiting for TAP completion to reach the EU. Only the establishment of the Georgia-Armenia DC connection is lagging, due mostly to delays on Armenian side.

Below are the recommendations by each target:

- Refine the practice of identification of the projects of EU and Energy Community interest for closer alignment with the strategic priorities of countries' association with the EU.
- Support and expedite Romania's efforts for strengthening its internal network for interconnection with Moldova. Promote the use of this interconnection for alternative import of gas to Moldova from the EU vs. Russia.
- Review the practice and history of the Southern Gas corridor. Develop the lessons learned and strengthen the support for strategic regional projects. Develop new alternative forms of support, including more effective financing, political and diplomatic backing and the involvement of influential international companies and countries.

- Promote transparency in international electricity and gas transit and cross-border trade. Encourage the lifting of the derogation from the EU Energy Acquis of the North-South (Russia to Armenia) gas transit pipeline. Apply transparent third-party access and entry-exit point regulation.

15

Enhance energy efficiency and the use of renewable energy; reduce Greenhouse Gas emissions

Murman Margvelashvili, Director, World Experience for Georgia

Decisive steps will be taken to **enhance energy efficiency and improve the use of renewable energy, and to reduce Greenhouse Gas Emissions**, in line with the Paris Agreement on Climate Change.

This will be done particularly by aligning financial instruments with plans and Partner Countries' national policies in this area; coordinating with IFIs as outlined in the implementing Sustainable Energy and Climate Action Plans (SECAP) through the Covenant of Mayors (CoM) Programme; implementing SMEs support for sustainable efficiency, ensuring synergies between EU4Business, EU4Energy and EU4Innovation; unlocking finance for green investments through blending facilities; supporting the preparation of national mid- century, long-term low greenhouse gas (GHG) emission development strategies, as well as the establishment of national emissions monitoring, reporting and verification.

Target 1:

Funds' disbursement rates improved following policy reform in Partner Countries. Progress on supported investment projects achieved to targets. EU investment funds provided in compliance with EU and/or international environmental requirements.

Present Status:

The EU funding for the Georgian Energy sector is provided by various international financial institutions (IFIs) through different programs:

The EBRD is financing the USD6.9 million Svaneti hydro power plants (HPPs), the Kheledula HPP (costing USD 30 million) and the climate-resilience-improvement of Enguri HPP (EUR 38million).

The Policy Based Loan (PBL) of EUR 181.8 million¹ has been signed by Georgia with the German development bank (KfW) and France's Agence Francaise de Development (AFD). This will support: a) Regional integration of energy markets and b) Energy Efficiency (EE), especially in buildings (EPBD). A detailed reform plan, with benchmarks triggering funds disbursement has been agreed, in accordance with the Protocol of Accession to the EU

¹ shorturl.at/achk5

Energy Community (EnC) signed in 2016². Adoption of laws on Energy Efficiency, Energy Efficiency in Buildings (May 2020) and of a market concept for Georgia's electricity market, has unlocked the disbursement of this significant assistance package to Georgia.

On May 28th 2020 the loan agreement for EUR 90 million between Georgia and KfW was signed. A second loan agreement for EUR 120 mln was signed on May 22nd with AFD. Both approved for disbursement. In addition the EU grant of EUR 8,44 million Neighbourhood Investment Platform (NIP), will facilitate the elaboration of the secondary Energy Efficiency legislation and the market reform in 2020-2021. Germany also provided additional grant funding (EUR 7.4 million) for Energy Efficiency Measures in Kindergartens in Batumi. In addition, KfW is preparing a school Energy Efficiency rehabilitation investment program for Georgia with the support of EU and German Government³.

Some of the renewable energy projects are strategically questionable or are of poor quality or have environmental or transparency issues deserving closer scrutiny from EU institutions:

- The EBRD is funding the planned rehabilitation to full operating condition of the submerged derelict 40 MW hydropower plants Vardnili 2, 3 and 4 with USD 114.7million. However, the project has questionable strategic consequences as it is situated in the occupied territory of Abkhazia and could become another source of free power for the Russian-supported Abkhazian government at a cost to Georgian citizens. It may also give Russia additional leverage over the Georgian power system as well as worsen Georgia's overall financial position.
- The EBRD, along with Asian Development Bank and International Finance Corporation, has supported the construction of HPP Shuakhevi with USD 110million and is now backing its "upgrade construction" with additional EUR 63.7 million. The project has initially raised the controversy over environmental problems. However a major tunnel failure has shown the flaws in design and construction and required an additional USD 300million investment on top of the initial USD 400million. This additional financing was mobilised with the help of a government-backed Power Purchase Agreement (PPA) allegedly signed in avoidance of IMF limitations on sovereign guaranteed PPAs. Apparently, irrespective of financing by the IFIs, the project was not conducted to acceptable quality standards. Moreover, the additional financing was provided without proper corrective actions, adequate "lessons learned" and the financial transaction seems to be inequitable as it shifts most of the loss to public funding without adequate investor responsibility. The financial damage resulting from the poor performance of the development company was unfairly passed-on to the Georgian population without due public disclosure and investor responsibility. This case requires an in-depth investigation for possible corruption or at least neglect of public interest.

Remaining Challenges

- Adoption of the laws on Energy Efficiency and Energy Performance of Buildings on May 21, 2020 has opened up the way for significant EU backed assistance; the initial disbursement and project planning Nevertheless the portfolio of secondary legislation needs to be adopted and implemented in a short amount of time is a very large one, while there is

² Protocol concerning The Accession Of Georgia To This e Treaty Establishing The Energy Community

³ EU, Georgia successfully completes 3rd phase of the Energy Sector Reform Programme, a joint German KfW, French AFD and EU initiative, 2020, available at: https://eeas.europa.eu/headquarters/headquarters-homepage/80668/georgia-successfully-completes-3rd-phase-energy-sector-reform-programme-joint-german-kfw_en

very limited professional resource and capacity available. The failure in creation of Energy Efficiency Agency, has resulted in an overload at the Ministry of Economy and Sustainable Development which creates a bottleneck for further reforms and proper reporting to the EnC.

■ **The sustained tendency for IFIs to provide financing for strategically unjustified or poor quality projects** is partly due to the absence of a sound country energy strategy, but also due to inefficient application of environmental and quality standards, best industry practices and transparency in projects. There is a need for increased public oversight and capacity building of the governmental sector to define strategy and for CSOs to effectively monitor the investment projects in Georgia.

■ There is a lack of quality information and openness on energy issues in public discourse which provides loopholes and affects the trust in the assistance of European financial institutions and the EaP process.

Target 2

At least 100 Partner Countries' Local Authorities reduced urban CO2 emissions of 20%.

At least 50 Partner Countries' Local Authorities committed to more ambitious objectives.

Present Status:

24 Georgian municipalities have joined the Covenant of Mayors initiative (COM). 10 cities have already submitted sustainable energy action plans (SEAPs) and committed to cutting CO2 emissions by 20% by 2020. After development of the SEAPs, there has been little progress by them in monitoring or implementation.

Only Tbilisi municipality has prepared a monitoring report - in 2015. Municipalities do not keep consolidated registers or detailed information on conducted pilot or training projects carried out with donor funding.

Sustainable Energy and Climate Action Plans (SECAP) are pending in 11 local authorities. The process is very slow and lacks a driving force as there is little capacity or commitment in the municipalities. Shortage of funds in municipal budgets combined with a lack of ownership leads to only minor allocation for activities related to the EC Covenant of Mayors (CoM) climate change initiative, such as minor measures in efficient lighting. The interest of decision-makers in CoM has decreased due to high staff turnover in the municipalities, resulting in a lack of ownership and confidence to go out to get grant funding.

Remaining challenges: Municipalities suffer from a lack of motivation and knowledge, specifically the technical knowledge and skills required for the planning and implementation of climate-related activities, as well as the ability needed to manage fund-raising efforts. The process can be improved by developing the relevant secondary legislation after recent adoption of Energy Efficiency law. This may encourage the municipalities to devote more human resource and a stronger political will for faster development and capacity building in this sphere.

Target 3

Development of nationally determined contributions (NDC) to the Paris Agreement.. Partner countries on track with the Paris Agreement for communicating and implementing their NDCs as well as their mid- century, long-term low-GHG-emission development strategies.

Present Status: Since the ratification of the Paris Agreement, Georgia has been developing its Nationally Defined Contribution (NDC) to 2030 with more ambitious commitments than in the 2015 INDC. The project EU4Climate supports Georgia in development and implementation of climate-related policies consisting of the following components: (i) implementation and update of NDCs; (ii) development of national mid-century Low-Emission Development Strategies (LEDS);

- Preparation of the First Climate Change Action Plan (CAP), for Georgia's NDC implementation is underway with the support of the German Government. CAP includes a vision and action by 2030 , to be implemented in 2021-2022. All sections except agriculture and buildings have already been prepared. Thematic working groups for NDC/CAP are established and several workshops were conducted during 2019.
- The Government of Georgia has established a Climate Change Council⁴ (CCC), consisting of different sectoral ministries (represented by ministers) and working groups (including experts, scientists and public servants). The Council will be the main arbiter on climate change issues in Georgia.
- LEDS developed under USAID funding was submitted to the Georgian government in 2017 but was not officially approved and has largely lost its relevance. It requires serious upgrading and reworking.

Remaining challenges⁵: There is a host of challenges to be addressed including: low awareness and lack of research and education activities; slow technology uptake.; lack of coordination among public and nongovernment stakeholders; lack of staff in public entities responsible for climate change issues; fragmented legislative and institutional frameworks and a lack of domestic financial resources for CC measures; insufficient communication with donor organisations and international financial institutions on fundraising;

Target 4

Start upgrading national greenhouse gas monitoring, reporting and verification (MRV) practices in line with the Paris Agreement. Partner countries should be getting on track with the Paris Agreement transparency requirements.

Present Status⁶:

The Second Biennial updating Report (SBUR) of Georgia to the United Nations Framework Convention on Climate Change (UNFCCC) has been prepared and submitted. It defines the requirements for a national verification, reporting and verification (MRV) system, covering greenhouse (GHG) emissions and sustainable development goals (SDG)); tracking of mitigation and adaptation activities and their financial flows; tracking of progress towards NDC targets and implementing the Enhanced Transparency Framework requirements.

4 GoG Decree N54, 23 January 2020

5 UNFCCC, Georgia. Biennial update report (BUR). BUR 2., 2019, available at: <https://unfccc.int/documents/196359>

6 SBUR

The process is to be led by a Climate Change Council (CCC)⁷. MRV systems, to be coordinated by the Ministry of Environmental Protection and Agriculture (MEPA) and supported by a technical group, will be established over the next three years. Experience with MRV has been gained through implementation of seven registered CDM projects and three for nationally appropriate mitigation action (NAMA), the work on SEAPs under the Covenant of Mayors. Additional experience was gained through the development of a National Inventory system. Under a project with German foreign aid (GIZ) in 2018-2019, the necessary legal documents for adoption of an MRV system were drafted. Additionally, a more comprehensive approach was proposed for an MRV system and Enhanced Transparency Framework.

In 2019, Georgia joined the Capacity Building Initiative for Transparency (CBIT) funded under GEF-6. With CBIT support the reporting structures for municipal level data will be incorporated into the country's national GHG inventory system.

Remaining challenges: The current MRV system is mainly focused on data collection and reporting on GHG inventories. The roles and responsibilities of key stakeholders are defined, but their capacities need to be developed to make the MRV system sustainable. There is a need for policies on such as a law, decree or ordinance to further enhance the MRV system.

The gaps for MRV include: the small number of MRV experts on the grounds; the legal basis for MRV and its operation in Georgia; there is no budget allocation for the establishing and operation of MRV in Georgia; need to incorporate a monitoring and evaluation system for the overall MRV system, with tracking adaptation activities as the first step.

Target 5

Launch of climate action investment facilities agreed with Partner Countries and IFIs. At least one major climate action investment facility per Partner Country in place.

Present Status:

- Georgia has implemented the GCF Readiness and Preparatory Support Program
- MEPA is identified as a National Designated Authority (NDA) for Green Climate Fund (GCF)
- Climate Change Council (CCC) of the GoG to act as the coordination and advisory body on climate policy and climate investments. Georgia has identified national financial institutions who can access GCF and other climate finance channels (Partnership Fund; TBC bank). Their accreditation and capacity building are in progress.
- EBRDs new Green Economy Financing Facility (GEFF) funded programme for the country⁸, Energocredit programme – for cheap credit lines for EE and RE installations in Georgia (US\$ 54 million); The facility is co-financed by the Green Climate Fund (GCF) and supported by the Austrian Federal Ministry of Finance and supports SMEs, corporations and residential households through local partner banks.

Remaining challenges:

- About USD 19 billion is needed between 2020 and 2030 for various sectors to achieve the country's overall climate goals, which is highly challenging.⁹
- Attract funding from development finance institutions' but also mobilise investment by local banks, microfinance institutions and the capital markets.

⁷ Established on January 23, 2020 under GoG Decree #54

⁸ Rozanova, M., "EBRD and partners deepen green finance in Georgia", EBRD, 2019, available at: <https://www.ebrd.com/news/2019/ebrd-and-partners-deepen-green-finance-in-georgia.html>

⁹ Key policy Messages (OECD 2016)

Links with EU- Georgia Association Agreement (AA) are as follows:

- Articles 230 (4), 307, Chapter 4; Article 308 and Article 310 of the AA define the conditions and objectives of cooperation on climate change.
- AA and the protocol of Georgia's accession to Energy Community envisage the implementation of the following EU directives: Directive 2010/31/EU on the energy performance of buildings (recast); Directive 2012/27/EU on Energy Efficiency; Directive 2010/30/EU on labelling and standard product information; Directive 2009/28/EC on the Promotion of the Use of Energy from Renewable Sources .
- As of February 2020 only Directive 2009/28/EC has been transposed to Georgian legislation, by the adoption of the Law on Promotion of Energy from Renewable Sources in December 2020. The Laws on Energy Efficiency (EE); Energy Performance for Buildings (EPBD); Energy Labelling (EL) have been elaborated and submitted to the Parliament.

Conclusions and Recommendations

There is a significant progress towards all targets set in Deliverable 14, however major challenges are still ahead. The capacity of policymakers, institutions and municipalities needs be boosted and **IFI support needs to be more selectively exercised to focus on high quality and strategically appropriate projects.** In particular:

Target 1.

- Expedite the adoption of secondary Energy Efficiency legislation by emphasizing its importance for the country's development and compliance with next steps of PBL. Emphasise the importance of the quality of secondary legislation.
- Encourage the IFIs in Georgia to follow higher quality and environmental standards in infrastructure projects, and to demand more evidence of the strategic benefits and compliance with national priorities of infrastructure projects financed in Georgia. Follow higher standards of transparency, good industry practices and public participation.
- Support the capacity building in research and strategic planning for evidence-based policies in Georgia¹⁰.

Target 2.

- Strengthen the build-up of awareness, interest and capacity for climate action with local administrations, through targeted climate related programmes. Institutionalise responsibilities for climate action within local administrations.

Target 3.

- Set up and strengthen the GoG Climate Change Council functionality and strengthen its coordination role; create three sub-units - for GHG Inventory, Mitigation and Adaptation and Support.

¹⁰ Upcoming In Depth Country Review (IDR) of Georgian Energy Sector – International Energy Agency (IEA) - to be published in April 2020.

- Assure sufficient professional resource in MEPA to work on the climate change policy¹¹.
- Facilitate the involvement of research and academic institutions in climate change issues.

Target 4

- Create the legal environment to operationalize the MRV system. Provide constant support for increased MRV capacity. Develop training courses, publications and financial support for MRV.
- Consider the creation of a separate unit for adaptation reporting.

Target 5

- Georgia should strive to find sufficient financial resources for climate action to achieve the country's overall climate goals.
- The Government of Georgia, in co-operation with the National Bank of Georgia (NBG), should foster gradual integration of climate and environmental aspects into the ongoing capital market reform and promote participation of commercial banks in climate projects.

¹¹ The resolution of Government of Georgia – on approval the statute of Ministry of Environment Protection and Agriculture of Georgia, N112, 6 March, 2018.

16

Support the Environment and Adaptation to Climate Change

Manana Kochladze, Chairwoman, Association Green Alternative

Environmental governance reform and climate action has been a key priority of the Eastern Partnership (EaP) since the establishment of the initiative. Deliverable 16 of the EaP 2020 deliverables aims to: improve the sustainable management of key natural resources; develop better environmental governance; raise environmental awareness and become more resilient to climate change through relevant legislation and practices and promotion of the Green Economy. This complies with the requirements of the Association Agreement (AA) signed between Georgia and the European Union.

Present Status

Georgia in 2018-2019 took some positive steps to ensure implementation of the EaP 2020 Deliverables and the AA agreement, including the enactment of a new Environmental Assessment Code, in line with Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) directives. Nevertheless, progress within the environmental sector has not been remarkable. The merger of the Ministry of Environment and Natural Resources Protection with the Ministry of Agriculture of Georgia in 2018 (to form the Ministry of Agriculture and Environmental Protection – MEPA) significantly weakens environmental governance as it disregards any conflicts of interests existing between the agriculture and the environmental sectors.¹ In addition the merger was carried out in a week, without any proper analysis or public consultation.²

There has been no move to integrate environmental protection and climate action into other key sectors, despite the obligations set out in national legislation. The SEAs have been applied to only a few Spatial-Territorial Management Development Plans, not to the numerous approvals of policies and legislation, such those as for mining policy and strategy which were passed on 10 December 2019.³ All this exacerbates the problems related to air, water and soil pollution, biodiversity and forestry protection.

According to Global Alliance on Health and Pollution, as many as 140 per 100,000 deaths in Georgia are directly linked to pollution, that's one of the highest indicator in Europe.⁴ According to the National Statistics Agency only 49% of Georgia's population have direct access to modern sanitation facilities, while 1.6% of the population lacks even basic access to water. Weak legislation combined with poor implementation and the lack of enforcement mechanisms make the situation particularly grim, and the concerns of citizens regarding environmental degradation are rising, according to nationwide opinion polls.⁵

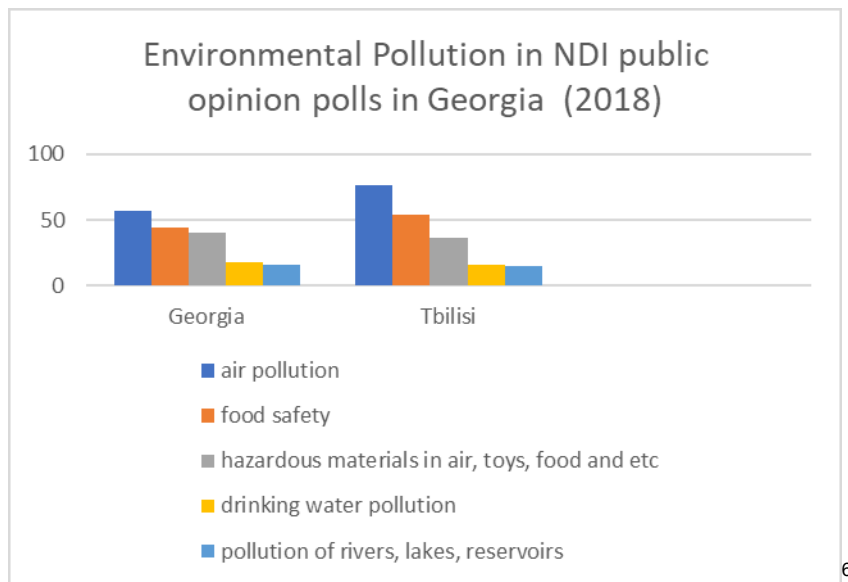
1 EaP CPF Platform, Policy Paper on Environment, 2019, "Environmental Reform and Climate Change Adaptation in the Eastern Partnership Civil Society Analysis and Recommendations", <https://eap-csf.eu/wp-content/uploads/EaP-CSF-Policy-Paper-on-Environment.pdf>

2 REGINFO, 2017, "Head of Environmental Protection and Natural Resources Committee against of the merger of ministry of environmental protection with the ministry of agriculture", 29.11.2017, <https://bit.ly/2UlrTPb>

3 The National Agency of Mines, Mining Policy and Strategy, 10.12.2019, <https://bit.ly/2JzVWDX>

4 GAPH, 2019, 2019 Pollution and Health Metrics: Global, Regional and Country Analysis, <https://gaph.net/pollution-and-health-metrics/>

5 Laura Thornton, NDI Georgia & Koba Turmanidze, CRRG Georgia, Public attitudes in Georgia Results of December 2018 survey, 2019, <https://drive.google.com/file/d/1CnVaSu6P9BawPy0Qi6QFeIjqsYrjkASK/view>



What Has Been Done

The workplan under EaP Platform 3, Environment and Climate Adaptation for implementation of Deliverable 16, defines ambitious priorities and includes, activities such as joint panels and workshops, while not providing the indicators to assess how those activities actually contributed to the defined objectives.⁷

The priorities for 2018-2019 include:

1. Strengthen environmental governance systems through exchange of experience and identification and implementation of measures needed at all levels of governance, as well as support for further adoption and use of Strategic Environmental Assessment and Environmental Impact Assessment:

Georgia still experiences problems in strengthening its environmental governance system through increasing the independence and capacities of the environmental institutions.⁸ Adoption of the Environmental Assessment Code, in line with EU Directives on Environmental Impact Assessment (enforced from 01.01.2018) and Strategic Environmental Assessment (enforced from 01.07.2018) was positive step forward. However, there are systemic problems with implementation at MEPA. It often issues environmental permits on the basis of poor quality EIAs which lack essential baseline studies and risk assessments, proper alternatives and cost-benefit analyses. This performance, combined with weak control mechanisms, is contributing to the development of low-quality projects. The Ministry has problems ensuring a meaningful public participation process,⁹ which leads to environmental degradation and sparks off heavy conflicts between local communities and the state, such as in Pankisi.¹⁰

Importantly, in line with the EU's Air Quality legislation, a number of amendments to the Law of Georgia on Ambient Air Protection and numerous technical regulations have already have been adopted. It is expected that amendments tightening air pollution control system

6 NDI Poll: EU and NATO Support at a Five-Year High in Georgia; Urgent Action on the Environment and Improvements in Public Education Needed, 31.01.2019 <https://bit.ly/2UTC1VM>

7 European Commission, May 2018, Work Programme – Platform 3 “Connectivity, energy efficiency, environment and climate” (2018-2019), <https://bit.ly/2UUBzqf>

8 Ministry of Environment Protection and Agriculture, State of Environment Report 2014-2017, 2019, <https://mepa.gov.ge/Ge/Reports>

9 Green Alternative, Policy Brief 2019, How the Environmental Assessment Code is implemented: Mistakes or systemic violations”, GEO, <https://bit.ly/2V13fKi>

10 RFE/RL's Georgian Service, 2019, “Clashes Erupt In Georgia's Pankisi Gorge Over Construction Of Hydropower Plant” 21 April, 2019, <https://bit.ly/2UAgmCT>

and increasing corporate sanctions, which were supposed to be adopted by Parliament in spring 2020, will have a significant impact in heavily polluted industrial cities, such as Rustavi, Zestaphoni, Chiatura.

2. Green Economy, resource efficiency – move towards higher resource efficiency, circular economy, and green economy promotion by improving the investment in circular economy and resource-efficiency in all sectors, including in issues of water management:

During 2018-2019 the Georgian government repeatedly emphasised that development of the Green Economy was its foremost priority. However, the Green Economy Policy, Green Economy Strategy 2030 and Green Economy Action Plan for 2017-2022¹¹ have never been adopted as was envisaged by the government of Georgia in the Third Environmental Action Plan¹² and commitments under the OECD Green Growth Declaration (2016)¹³. The EU4Environment project, implemented with OECD support, undertakes the first National Policy dialogue on improving access to green finance for SMEs in Georgia¹⁴. The report “Access to Green Finance for SMEs in Georgia”,¹⁵ produced within the project, considers Georgia as the best performing country in EaP region in OECD SME Policy Index. However, the report stresses the need for better support for SMEs to access the Green Finances. Therefore, it calls on policy makers to adopt “various pending legislation on energy efficiency and renewable energy, develop robust sub-regulation (buildings, appliances), strengthen enforcement, ratchet environmental standards and reduce fossil-fuel subsidies to create market signals “and work with commercial banks and other institutions to ensure availability and diversity of green credit lines and other market mechanisms.¹⁶

3. Development and implementation of climate-related policies which contribute to their low emission, climate resilient development and their commitments to the Paris Agreement on Climate Change (2018). Further promote climate action investment, both for mitigation and adaptation (2019):

Georgia is highly vulnerable to climate change and natural disasters^{17,18}The country is working successfully on the preparation of the Fourth National Communication Report, as well as submitting its second Biennial Update Report to the UNFCCC, reviewing and analysing the climate change process within the country in 2014-2015.

A new nationwide project, scaling up Georgia's Multi-Hazard Early Warning System to improve community resilience in 11 main rivers basins, was launched in 2019. It is hoped that this will serve as a model of adaptation and resilience, provide direct protection to 1.7 million people and reduce climate-driven losses by 90%.¹⁹

11 Ministry of Economy and Sustainable Development, 2017, Green Economy Policy and Strategy, <https://www.oecd.org/env/outreach/Presentation%20by%20Irma%20Kavtaradze%20Georgia.pdf>

12 NEAP3, Charter 13 Green Economy

13 Ministry of Economy and Sustainable Development, Georgia is Working on Development of Green Economy Growth Strategy, 28-04-2017, <http://www.economy.ge/?page=news&nw=163&lang=en>

14 OECD, 2018, European Union for Environment in Eastern Partnership Countries <https://www.oecd.org/environment/outreach/EU-4ENV%20leaflet.pdf>

15 OECD, 9.12.2019, Access to Green Finance for SMEs in Georgia, Executive Summary, <https://doi.org/10.1787/dc98f97b-en>

16 ibid

17 Ministry of Environment and Natural Resources Protection Georgia, Georgia's Third National Communication to the UNFCCC, 2015, <https://unfccc.int/sites/default/files/resource/Geonc3.pdf>

18 Global Facility for Natural Disasters and Recovery, Georgia, <https://www.gfdrr.org/en/georgia>

19 Global Climate Fund, FP068, “Scaling-up Multi-Hazard Early Warning System and the Use of Climate Information in Georgia, 2018 <https://www.greenclimate.fund/project/fp068>

4. Water Sector policy and uptake of river basin management planning in line with the EU Water Framework Directive; applying the ecosystem approach and taking account of transboundary aspects of water management:

A new law on Water Resources Management in line with the EU's water legislation has still not been submitted to Parliament for adoption, although the process started in 2011. As a result, numerous bylaws (such as standards for drinking water and urban wastewater treatment) designed to align the legislation with the EU water acquis, have been elaborated but not adopted. The procedures for establishing a river basin management system in line with EU Water Framework Directive has also been postponed; preparation is ongoing on a number of river basin management plans under EU Water Initiative Plus for EaP countries.²⁰ The process of accession to the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes is expected only after the Law on Water Resources Management is adopted by the Parliament of Georgia in 2020²¹.

5. Identify and promote measures that would improve forest and ecosystems protection:

After six years of development, and with significant delays, the Forestry Code was adopted at the second hearing on March 19, 2020.

Georgia is behind schedule in designating protected Emerald Sites under the Council of Europe's Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention). In December 2019 the Bureau of Standing Committee of Bern Convention took the decision that re-evaluation of the sufficiency of the Georgian Emerald Network was needed. It also requested that the Georgian authorities seek to identify and designate an additional freshwater habitat to compensate for the loss of the Svaneti 1 Emerald Site.

6. Promote the role of civil society and improve public access to environmental information and broader participation in decision-making in line with the Aarhus Convention, and relevant EU Directives and Regulations:

Georgia still lacks the wide public engagement at the earliest stages of policy preparation required by the Aarhus Convention. Usually, CSOs and academics are invited to for consultations on the last stages of policy/legislation development, by when policy options are limited. For example, since 2017 the government has been developing a law on biodiversity to ensure compliance with the AA. The law was presented to the public in late November 2019, just before the planned submission to parliament. As the draft law does not comply with the relevant European Directives and does not envisage proper implementation tools, CSOs called on the Minister of Environmental Protection and Agriculture to stop accelerating the procedure on the submission of the biodiversity law to the Parliament and start its redrafting process with wider participation of CSOs and academia²². The Ministry complied. However, the pressure that the CSOs had to apply went considerably beyond the standard procedures foreseen by the Aarhus Convention.

Conclusions and Recommendations

Georgia lags significantly in the approximation process, both in environmental governance and other key sector areas. Inadequate funding, the allocation of only 0.4% of the state bud-

20 European Union Water Initiative in Eastern Partnership Countries, 2018, Project Ambition in Georgia, <https://www.euwipluseast.eu/en/countries/georgia-country>

21 Ministry of Environmental Protection and Agriculture, Letter N491/01. to Green Alternative, 14.01.2020,

22 Statement of NGOs on Biodiversity Law, 30.1.2020, <https://bit.ly/39DiTke>

get for environmental protection (around 60 million GEL),²³ coupled with a lack of human resources and skills has resulted in significant delays and challenges to the implementation of the Third National Environmental Action Plan (NEAP). Leaving aside the subject matter, only around one third of the contents have been implemented on time. All of that leads to stalled and prolonged reform processes in numerous areas (such as biodiversity, forestry, water and so on.).

In order to achieve EaP Deliverable 16 on time, the Georgian government should:

- Increase the capacity of environmental institutions and strengthen administrative procedures;
- Increase the budgetary allocations for environmental protection, develop effective legislation and mechanisms for increasing public and private sector funding for green economy development and implementation of the NEAP-3;
- Integrate the environmental protection into strategic decision-making in other policy areas through SEA processes with wide public participation;
- Effectively address the environmental sector (air, water and forestry) degradation problems through conformity with the relevant EU directives;
- Ensure wider and meaningful public participation in policy and project decision-making processes.

23 Ministry of Finance, Georgia, 2020, State budget, <https://mof.ge/5261>

STRONGER SOCIETY
Mobility and people- to- people contacts

Measuring the progress on EU- Georgia Visa Liberalisation and Mobility Partnership

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Over the last decade, political momentum and determination have brought several significant milestones in establishing visa free travel to the European Union for Georgian citizens:

- 2011 - Visa Facilitation and Readmission agreements entered into force;
- 2012 - Visa Liberalisation Dialogue was launched;
- 2013 - Action Plan on Visa Liberalisation was presented to Georgia;
- 2017 – Georgia-EU visa waiver was finally secured

Progress on Visa Liberalisation and Mobility Partnership can be measured against the thresholds set by the Visa [Liberalisation] Suspension Mechanism¹ and targets in Deliverable 17 of the 20 deliverables for 2020², both monitoring aspects of Georgia's post-visa free state of affairs. Apart from assessing the aftereffects of the EU-Georgia visa liberalisation, the latter evaluates the implementation of the EU-Georgia Mobility Partnership Agreement signed in 2009 to support the creation of legal migration channels. Besides being an Eastern Partnership [EaP] tool, deliverable #17/20 monitors Georgia's success in integrated border management [IBM] not only with the EU, but other EaP partners as well.

These two “control mechanisms” [the visa suspension mechanism and the Deliverable 17 for 2020] are therefore interlinked in that they both aim at effective implementation of Georgia – EU contractual relations which provide for the free movement of people.

Present Status: Post Visa- Free State of Affairs: Adjustments in Migration- Related Law & practice

Georgia has made serious efforts aimed at consolidating its compliance with recommendations of the two Visa Suspension Mechanism Reports and the desirable milestones identified in the 20 deliverables for 2020. Measures worth mentioning include advocating Georgia as a ‘safe country’, creating new and toughening existing legislation, intensifying inter-police cooperation and holding awareness-raising campaigns.

In concrete terms, Schengen states are being invited to officially acknowledge Georgia as a ‘safe country’ in anticipation that tougher criteria will discourage applicants attracted by benefits associated with prolonged asylum procedures. For now, 16 European countries³ recognise Georgia as safe, with 15 of them, excluding Ireland, belonging to the Schengen zone and the list is expected to grow in the near future⁴.

The law on Civil Acts was amended to restrict the number of times a person could change a surname, closing a window of opportunity for offenders seeking readmission to the EU

1 A mechanism regulated by Article 8 of Regulation 2018/1806 that aims at ensuring that visa-free travel with non-EU countries is not abused. The mechanism allows, under strict conditions and after thorough assessment by the European Commission, for the temporary reintroduction of visa requirements for citizens of non-EU countries when there is an emergency situation caused by the abuse of the visa-free regime by nationals of countries exempted from the visa obligation. https://ec.europa.eu/home-affairs/e-library/glossary/visa-suspension-mechanism_en

2 Adopted at the EaP Summit in November 2017, 20 Deliverables for 2020 serves as the key framework and road map for the Eastern Partnership countries to strengthen cooperation with the EU. <https://library.eunighbours.eu/content/eastern-partnership-20-deliverables-2020-focusing-key-priorities-and-tangible-results>

3 By February 2020, European countries that rank Georgia as ‘safe’ are Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, France, Iceland, Ireland, Liechtenstein, Luxembourg, The Netherlands, Slovenia, Switzerland, and Greece.

4 Shapakidze, S. (February 4, 2020), Director of the Department on European Integration at the Ministry of Foreign Affairs of Georgia, Personal Interview

with a new identity.⁵ Moreover, the validity of laissez-passer (privileged travel documents) was reduced by two weeks to prevent its misuse in asylum-shopping, and the commitment was made to inform Interpol about lost or stolen passports.⁶ The Ministry of Justice also set certain criteria to evaluate probationers' compliance with the visa free travel rules and limit freedom of movement unless these are met.⁷ In addition, the Criminal Code was strengthened by a new article that entails punishment for those who facilitate illegal migration in exchange for financial interest.⁸

Georgia has signed the Agreement on Operational and Strategic Cooperation with Europol and is actively involved in the operations against Georgian organized crime groups across Europe.⁹ Upon request, Tbilisi assigns police attachés to the affected countries and tasks them with helping European partners investigate crimes involving Georgian suspects.¹⁰ Additionally, the Ministry of Internal Affairs collaborates with FRONTEX, the European Border and Coast Guard Agency, which facilitates the distribution of Georgian border guards to those European airports that express the need of being consulted in profiling Georgian passengers on entry.¹¹

In order to create a multiplier effect, these migration-related reforms were accompanied by three waves of information campaigns on visa liberalisation. Last year alone, 44 related events were organized by the Ministry of Foreign Affairs of Georgia under the auspices of the Information Center on NATO and the EU. As a result, 7,700 citizens were reminded, by direct communication, of the dangers that might result from disrespecting visa-free travel rules.¹²

The introduction of exit controls, following the example of Albania, is the most controversial legislative initiative that is being considered by the Georgian government. Notwithstanding Georgia's outspoken concerns about it constituting an unconstitutional practice reminiscent of the Soviet past, the European Union strongly recommends such a measure to be taken. The EU Ambassador to Georgia even announced recently that it is expected to happen "soon"¹³. The Ministry of Foreign Affairs confirmed that several versions suggested by the Technical Assistance and Information Exchange instrument of the European Commission (TAIEX) are being discussed and Georgian government will choose the most optimal one¹⁴. This comes as an additional and contested security measure as the European Travel Information and Authorization system (ETIAS) is to come into effect in 2021¹⁵ and take control of irregular migration through the electronic pre-checks that this automated IT system entails.

5 Ministry of Justice of Georgia (March 6, 2018), საქართველოს მთავრობამ გვარის შეცვლის რეგულაციების გამკაცრებას მხარი დაუჭირა, URL <https://bit.ly/3c4h8OA> [Accessed in April, 2020]

6 Shapakidze, S. (February 4, 2020), Director of the Department on European Integration at the Ministry of Foreign Affairs of Georgia, Personal Interview

7 Gakharia, N. (February 10, 2020), Head of the International Relations Department at the Ministry of Internal Affairs of Georgia, Personal Interview

8 Parliament of Georgia (March 15, 2019), The Human Rights and Civil Integration Committee approved criminal sanctions for facilitation and organization of abuse of the asylum-seeking, URL <https://bit.ly/2KuXVII> [Accessed in April, 2020]

9 European Commission (December 19, 2018), Commission Staff Working Document accompanying COM(2018)856, URL <https://bit.ly/2V09yit> [Accessed in April, 2020]

10 Javakhadze, N. (June 3, 2019), Deputy Minister of Internal Affairs of Georgia, Personal Interview

11 Gakharia, N. (February 10, 2020), Head of the International Relations Department at the Ministry of Internal Affairs of Georgia, Personal Interview

12 Dolidze, M. (February 7, 2020), Head of Public Information Division on EU - Information Center on NATO and EU, Personal Communication

13 Agenda.ge (December 11, 2019), Pre-flight checks to be introduced for Georgian citizens leaving for Schengen Zone, URL <https://bit.ly/3e8pVAX> [Accessed in April, 2020]

14 Shapakidze, S. (February 4, 2020), Director of the Department on European Integration at the Ministry of Foreign Affairs of Georgia, Personal Interview

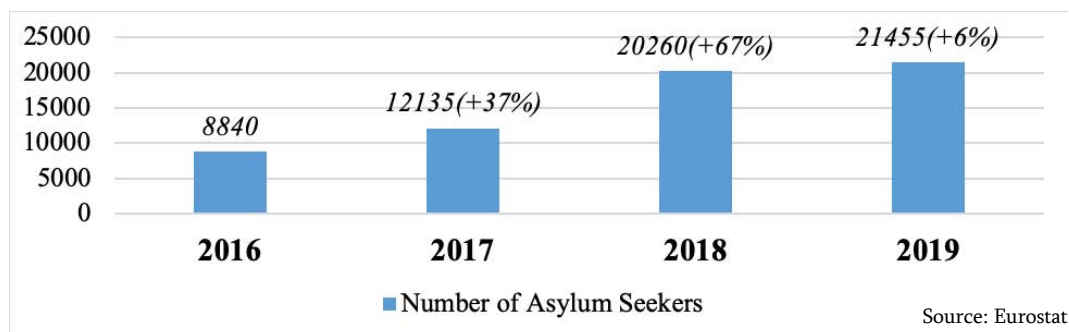
15 Council of the EU (September 5, 2018), European travel information and authorisation system (ETIAS): Council adopts regulation, Press Release URL <https://bit.ly/2JRO9By> [Accessed in April, 2020]

Regarding the International Border Management (BM) targets set by Deliverable 17, since Georgia does not have a border with the EU, the focus has been on operating it with neighbouring EaP partners. Important measures have been taken to modernise a network of border crossing points and enhance trade flows. The EaP IBM Capacity Building Project¹⁶ and the EU-EaP Flagship program on Azerbaijan-Georgia Red Bridge crossing point are cases in point¹⁷.

Lastly, with respect to creating new legal migration channels, developing temporary employment opportunities for Georgian citizens abroad is one of the government's top priorities. A circular migration scheme has been already established with France, though negotiations on the practical and technical aspects of its implementation are still ongoing¹⁸. Currently, partnership potential is being discussed with Germany and Bulgaria¹⁹. The government of Georgia continues its efforts to institutionalise such European partnerships and plans to put at least one of them in effect this year²⁰.

Remaining Challenges

Year by year, substantial rises in the number of asylum seekers have been reported as the prime challenge since the enforcement of the visa-free regime. The records have continuously crossed the threshold of 50% set by the Visa Suspension Mechanism and have resulted in an overall increase of 142% in the last 3 years' time.²¹ From 8,840 in 2016, asylum claims rose to 12,135 (+37%) in 2017 and rocketed to 20,260 (+67%) in 2018. The data from 2019, even if incomplete, suggests a continuing upward trend and the number of asylum applications lodged by Georgian citizens in Europe exceeds 21,500 to date (+6%).²²



At the same time, the ratio between the number of positive asylum decisions and the total number of decisions is very low. In 2016, the recognition rate stood at 6.5% (440 out of 6,795), further declined to 5.3% (480 out of 9,110) in 2017, dropped to 4.6% (665 out of 14,285) in 2018 and according to the latest data from 2019, now stands at 4% low (760 out of 18,775). In 2016, the recognition rate stood at 6.5% (440 out of 6,795), further declined to 5.3% (480 out of 9,110) in 2017, dropped to 4.6% (665 out of 14,285) in 2018 and according to the latest data from 2019, now stands at 4% low (760 out of 18,775).

16 See the project web-site for more information: <http://www5.eap-ibm-capacitybuilding.eu/> [Accessed in April of 2020]

17 See the project document for more information: <https://bit.ly/3c2ZoTN> [Accessed in April of 2020]

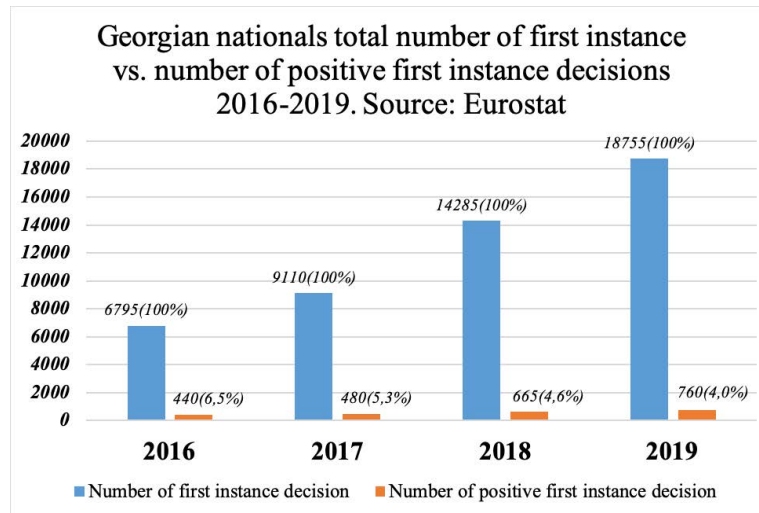
18 Gogolashvili, K. (January 15, 2019), A New Chance for Circular Labor Migration between Georgia and the EU, GFSIS, <https://bit.ly/2XoPK9K> [Accessed in April, 2020]

19 Shapakidze, S. (February 4, 2020), Director of the Department on European Integration at the Ministry of Foreign Affairs of Georgia, Personal Interview

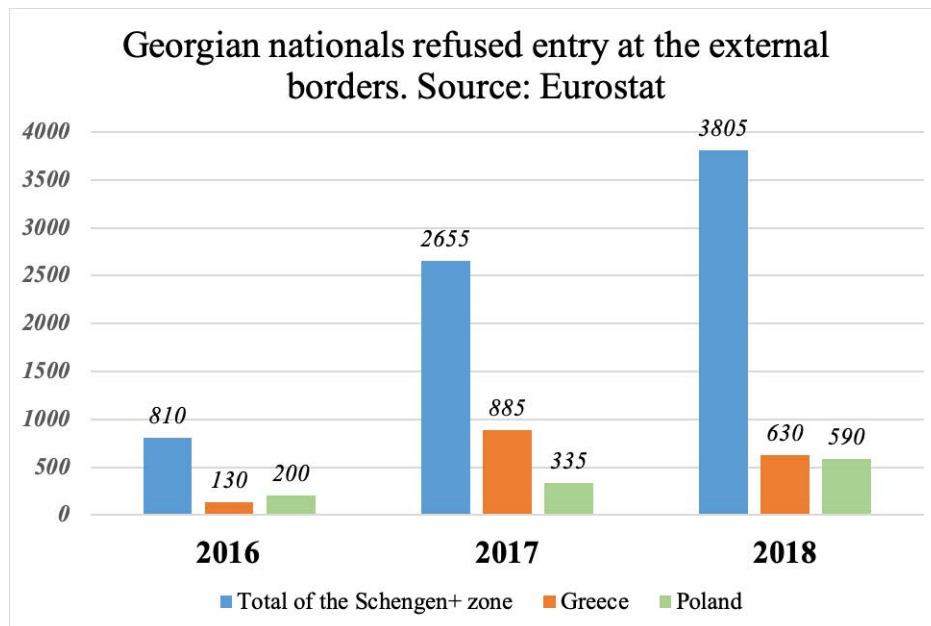
20 Metskhvarishvili, S. (January 13, 2020), ლეგალური დასაქმება ევროპაში - რამდენად ახლოსაა საქართველო შესაბამის ხელშეკრულებებთან?, Business Media Georgia, URL <https://bit.ly/2VgcCFT> [Accessed in April, 2020]

21 Dolidze, T. (September 2019), Mapping Georgia's Visa-Free Progress: The Quest for a Preventive Strategy, GIP: <https://bit.ly/2XqfKS7> [Accessed in April, 2020]

22 Eurostat [a] (Constantly Updated), Asylum and first time asylum applicants by citizenship, age and sex Annual aggregated data (rounded), URL <https://bit.ly/2UUufu5> [Data Retrieved in February, 2020]



Meanwhile, more and more Georgians are being refused at the Schengen borders as a preventive measure against potential abuse of the visa free regime. In just two years, from 2016 to 2018, entry denials increased by 369 to 75% [Data from 2019 is missing]²³. The lack of information is, of course, one of the main reasons people travel undocumented and face non-admission. According to the 2019 survey results, the level of knowledge about visa-free travel requirements has not improved and has even significantly deteriorated since 2017²⁴.



Georgian organised crime also remains a problem. European countries correlate its growth with the rising number of asylum seekers, even if the cause-effect relation between irregular migration and crime is nearly impossible to establish. There are, of course, confirmed cases of asylum seekers being involved in criminal activities, but normally crime data is not disaggregated by the nationality and legal status of the offender.²⁵ Europe's media hysteria around Georgian migrants being criminals is thus most probably a product of Russian propaganda and/or Eurosceptics' targeted campaigning. Increasing publicity around

23 Eurostat [d] (Constantly Updated), Third country nationals refused entry at the external borders-annual data (rounded), URL <https://bit.ly/2y2UAYW> [Retrieved in February, 2020]

24 CRRC Georgia (2019), Georgian Public's Knowledge of and Attitudes towards the EU in Georgia, 2019 Survey Report, <https://bit.ly/2ViTCXg> [Accessed in April, 2020]

25 European Commission (December 19, 2018), Commission Staff Working Document accompanying COM(2018)856, URL <https://bit.ly/2x-8IHJ2> [Accessed in April, 2020]

cases of serious organized crime in Europe is problematic for Georgia, as it can enflame anti-migration sentiments and jeopardise free movement of Georgians to the EU. A similar scenario arose recently in the Netherlands when concerns about Albanian crime prompted the Dutch government to request that the EC suspension mechanism on free movement be triggered, though without success²⁶.

Conclusions and Recommendations

Overall, the final appraisal of the progress on visa liberalisation, and mobility partnership depends on the chosen point of reference. When compared with the benchmarks of the Visa Suspension Mechanism on the one hand, and the targets of the 17th deliverable for 2020 on the other, the status quo would draw a more negative or a more positive picture, respectively. That is because the former has set stronger limits for third country nationals to ensure the visa free deal does not endanger Europe's safety or prosperity, while the latter targets all EaP states at the same time, and sets moderate targets that would fit all, according to their level of European integration. The high number of migration-related reforms that have been introduced clearly demonstrates the strong political will from the side of the Georgian government to safeguard visa free travel with Europe. Yet, the lack of adequate reviewing and evaluation mechanisms accompanying policy decisions makes it difficult to establish their pertinence and effectiveness. Georgia needs to avoid sporadic decision-making and think of the overall strategy into which all these reforms and relevant actions would fit.

In an unexpected turn of events, March 2020 saw the European Union become an epicenter of the Corona Virus pandemic²⁷. To slow the spread of the disease, the Commission took the decision to temporarily ban all nonessential travel from third countries to the EU²⁸. This force majeure will reflect positively on the statistics of irregular migration, but there can be nothing genuinely positive about health risks stopping people from moving across the borders. The economic and [physical] security threat Europe is facing right now is much greater than that associated with irregular migration. What is more, Georgia, along with many other countries, will come out of this pandemic economically poorer, meaning more people will have reasons to try to move to EU members states that will have suffered the least. That is why it is important to continue consistent and coherent actions falling within the main policy priorities identified below:

- Creating new and boosting existing communication channels with the Georgian migrants in Europe, by extending the mandates of the police attachés and engaging diaspora as an important link in the chain of irregular migration.
- Continuous advocacy for Georgia's visa-free regime in the Schengen+ capitals separately and with the EU as a whole, by applying diplomatic means and engaging lobbyists to prevent the circulation of inaccurate political statements that deteriorate the image of Georgia and Eastern Partnership as a whole.
- Providing Schengen+ countries with the full informational support relevant to asylum procedures, by sharing information about respective social, economic developments in Georgia, and government-offered healthcare services that could be dishonestly omitted in the asylum applications.

26 Schengen Visa Info (July 3, 2019), EU Commission Rejects Netherlands' Request to Reintroduce Visas for Albania, URL <https://bit.ly/3aYwNQc> [Accessed in April, 2020]

27 BBC News (March 13, 2020), Coronavirus: Europe now epicentre of the pandemic, says WHO, URL <https://bbc.in/2JYX2J> [Accessed in April, 2020]

28 Brown, F. (March 16, 2020), EU to ban non-essential travel to all 27 countries over coronavirus for 30 days, Metro News, <https://bit.ly/39U2Xdn> [Accessed in April, 2020]

- Continuing efforts towards offering mobility schemes alternative to irregular migration, such as the circular (labour) migration to help solve the problem of unauthorized employment and illegal stays of Georgian citizens in the Schengen zone.
- Tightening exit control to an extent that it does not threaten the constitutional right to the freedom of movement, E.g. Instead of detaining the travelers locally, the border police could just warn them and simultaneously inform the external border guards. Alternatively, Georgia could propose to its interlocutors to immediately return the travelers that are refused entry at the Schengen+ border.
- Renewing or enhancing targeted information campaign on visa liberalization with a considerable emphasis on preventive strategies, in particular the personal risks inherent to irregular migration, supported by credible up-to-date statistics and negative personal stories.

18

Investment in young people's skills, entrepreneurship and employability

Lasha Shakulashvili, Project and Reporting Officer, International Foundation for Electoral Systems.

According to Deliverable 18, investment in young people's skills, entrepreneurship and employability should be substantially strengthened, with particular focus on leadership, mobility and quality of formal and non-formal education.

Present Status

The latest census conducted in Georgia shows that young people (15 - 29) comprise 19.5% (724,100) of the total population¹. The Georgian National Youth Policy (the Youth Policy) was adopted by the decree of the Government of Georgia (GoG) on April 2, 2014² and encompasses four priorities. This includes such issues as participatory actions, gender equality, quality education, healthy lifestyle, ensuring opportunities for employment and professional growth, enhancing secure environment and ensuring human rights protection. It also defines the age for youth (14 - 29) and states that Youth Policy should focus on children from school age. In 2016, the Youth Development Index (YDI), released a report³, measuring the status of young people in 183 countries globally; it entails five areas, measuring levels of education, health and well-being, employment and opportunity, political and civic participation among young people. On a global scale Georgia was positioned as 104th, while it stands at 89th in education and 127th in employment and opportunities.

On December 7, 2017, an ordinance of the Prime Minister of Georgia approved the "Unified Strategy for Education and Science for 2017-2021"⁴ regarding areas of education, from early to adult education in science and research. The strategy incorporates obligations set forth in the Association Agreement (AA) between the European Union (EU) and Georgia in the areas of education, science, research, technological development, youth and advanced training. It also embraces actions listed within the AA, such as Erasmus+, Creative Europe, and Horizon 2020, as well as Marie Skłodowska-Curie Actions to foster scientific excellence⁵. During 2018 - 2021, Georgia has been among three partner countries working under the EU-financed EU4Youth Action programme, which aims to support access to employment for marginalised youth groups through partnerships, as well as targeting skill development and promotion of entrepreneurship⁶. These priorities have been drawn from the United Nations' Sustainable Development Goals (SDGs) # 4 and # 8 (quality education and decent work and economic growth). While a national Parliamentary Action for Sustainable Development Goals has been introduced in Georgia, it lacks specific roadmaps, and a chain of actions to tackle unemployment among young people and increase their capabilities.

1 Findings of the basic research of the Georgian National Youth Policy Document, joint program of the European Union (EU) and the United Nations Development Programme (UNDP), see at: <http://www.parliament.ge/uploads/other/80/80560.pdf>

2 #553 Decree, dd April 2 2014, of the Government of Georgia on the Georgian National Youth Policy Document, see at: [http://msy.gov.ge/files/Youth_Policy_\(Engl\)_Final_July_2014.pdf](http://msy.gov.ge/files/Youth_Policy_(Engl)_Final_July_2014.pdf)

3 Global Youth Development Index and Report, see at: https://www.oecd-ilibrary.org/content/publication/global_youth-2016-en

4 Unified Strategy for Education and Science for 2017-2021, see at: https://mes.gov.ge/uploads/MESStrategy_2017-2021.pdf

5 Joint staff working document EaP 20 Deliverables for 2020, Focusing on key priorities and tangible results, Brussels, 9.6.2017, see at: <https://library.euneighbours.eu/content/eastern-partnership-20-deliverables-2020-focusing-key-priorities-and-tangible-results>

6 EU4Youth LABOUR MARKET ANALYSIS 2018-19, see at: <https://www.euneighbours.eu/sites/default/files/publications/2019-11/%E1%83%99%E1%83%95%E1%83%9A%E1%83%94%E1%83%95%E1%83%90%20PDF.pdf>

What Has Been Done

While the objectives set forth within the Joint Staff Working Document EaP 20 Deliverables for 2020 are well formulated, lack of clarity on the selection of partners/bodies to carry them out in Georgia makes it hard to monitor their implementation and progress in relation to milestones. While the overall assessment of Georgia's progress on Deliverable 18 is positive, some areas are seeing significantly more success than others (as discussed in the following sections). As an example, while Georgia is one of the most active countries in the EU ERASMUS + beneficiaries programme, there is a huge difference in the performance shown by Tbilisi-based universities compared to those in the regions.⁷ One of the priorities in this working document was the reinforcement of cooperation under the sub-program of media and culture in the EU programme "Creative Europe" in European Neighborhood countries; in January – July 2019, Georgia received four projects under this program.

On August 26, 2019, the ordinance⁸ of the GoG abolished two legal entities (LEPLs) - the Children and Youth Development Fund and the Children and Youth National Centre run by the Ministry of Education, Science, Culture and Sport, along with the Youth Policy Management Department. As of August 26, the LEPL Youth Agency run by the Prime Minister's Office has taken over the youth portfolio of Georgia and is authorised to implement youth programmes and activities for youth, as well as ensuring coordination of youth-based programming among other state institutions.

On February 6, 2020, the EU published the AA Implementation Report on Georgia highlighting the setting up of the EaP European School, which incorporates the values of multiculturalism, peace and tolerance in its curricula⁹. The six-month (January-June) Progress Report of the 2019 National Action Plan released by the Ministry of Foreign Affairs of Georgia stressed that as of the first half of 2019, the GoG has launched the second phase of work related to the International Baccalaureate Organisation, which gives accreditation to the EaP European School in Georgia. During the period 35 students were selected from Eastern Partnership countries for the academic year of 2019 – 2020¹⁰. The same report highlights that in the first half of 2019, Georgia stood in 6th place among 141 countries involved in the Erasmus+ International Credit Mobility (ICM) programme.

In 2017, funding allocated to the Horizon 2020 programme, rose from 424,070 in 2016 to 876,312 Euros. During January-July 2019, under this programme, out of 287 project proposals submitted by Georgia 35 projects won and received funding totaling 3, 637,140 Euros. Georgia has been active in the EU ERASMUS + programme and held 8th place among 131 partner countries in terms of successful projects. In 2017, the number of Erasmus + ICM recipients in Georgia, both incoming and outgoing combined, stood at 1,333, while the number for 2019 was 1,895¹¹. In 2017, 21 citizens of Georgia had obtained scholarships for the master's program ERASMUS MUNDUS, putting Georgia in the top 20 beneficiaries.

Despite the success of securing an EaP European School for Tbilisi, it remains largely inaccessible to the vast majority of Georgian pupils, hence, efforts should be made to share and apply its study plan in other public schools in Georgia.

7 Erasmus+ Partnerships by programmes and HEIs 2015 – 2019, Statistics <http://erasmusplus.org/ge/en/services/statistics>

8 Ordinance of the Government of Georgia on establishment and adoption of the decree of the Youth Agency, registration code: 040050000.10.003.021426, 2019, see at: <https://matsne.gov.ge/en/document/view/4642829>

9 2020 Association Implementation Report on Georgia, 2020, see at: https://eeas.europa.eu/headquarters/headquarters-homepage/74221/2020-association-implementation-report-georgia_en

10 Six-Month (January-June) Progress Report of the 2019 National Action Plan, see at: <https://bit.ly/3dLgA0h>

11 Erasmus+ Partnerships by programmes and HEIs 2015 – 2019, Statistics <http://erasmusplus.org/ge/en/services/statistics>

Remaining Challenges

With major changes in the state youth programming in Georgia having been made during the last few years - abolishing the Ministry of Sport and Youth Affairs, as well as restructuring two LEPLs on youth into the Youth Agency - it will be important to create and maintain a universal mechanism for monitoring progress on achieving the objectives and outcomes of the deliverables.

Although there has been an increase in the number of students enrolled for vocational education and training (VET) (30,704 in 2015; 33,575 in 2017), an interim assessment report made by the Unified Strategy for Education and Science for 2017-2021 reiterates that the government aims to increase number of students enrolled in civic education. However, the report argued that while the numerical targets of the Strategy are being achieved, it does not imply increasing the employability of students¹². As of 2020, students can enroll in long-term study programmes in areas such as construction and IT¹³, which, if implemented, may fix the mismatch between skills and labour market demands.

To frame future strategic policy documents and focus on key priorities and realisable objectives the following targets and indicators would be helpful to the institutions and stakeholders responsible for forming them. Special emphasis should be put on the role of the newly established Youth Agency, which has been made the primary institution for development, implementation and coordination of the strategy for building a state youth policy¹⁴. The strategy document provided by the Agency entails goals for its structural reform. One of the most crucial pillars is to “reclaim the youth field and regain the trust”. While it does not specify what challenges the Agency has faced to cause “lack of trust” or the possibilities for regaining it, the Agency has set a goal to shape an ecosystem for youth based on the model accepted in the EU. To assist Georgia on its path to successful implementation of the AA, the Agency would benefit highly from a more practical assessment to help develop its strategy of creating an EU-style ecosystem. From a broader and institutionalised angle, the Youth Policy is based on eight principles that can be applied to youth policy documents in any country regardless of context. However, the newly established Youth Agency focuses on the EU's eight key competences which the Agency believes to be “adapted to the reality of Georgia” and it will be crucial to translate these into a youth policy document which will be binding through Georgian decision-making bodies.

In order to foster youth leadership and entrepreneurship through the EU4Youth initiative, and at the same time tackle the challenge of supporting the employability of graduates, state agencies should be encouraged to organise a mentorship system in state-run organisations. In 2017, the Euronest Parliamentary Assembly adopted a resolution to overcome the impact of the economic crisis on youth unemployment in the EU and Eastern Partnership countries. The resolution states that support for the employability of young people implies that state bodies should act as essential backers for young people, whether through developing a unified registry of unemployed people or providing a comprehensive framework for sectorial action plans¹⁵. Labour market analyses for 2018 - 2019 on EU4Youth has also identified the importance of having a mentor who has succeeded in becoming an entrepreneur. This could help to (re) focus the ideas of young people beyond state support; young people lack experience of how to successfully pursue their small business ideas, hence mentorship from an established entrepreneur could be effective.

12 Interim Assessment of the Unified Strategy for Education and Science for 2017-2021, see at: <https://www.mes.gov.ge/uploads/files/gan-strat-shualeduri-shefaseba.pdf>

13 Annual event on VET, see at: <http://mes.gov.ge/content.php?lang=geo&id=9855>

14 Ordinance of the Government of Georgia on establishment and adoption of the decree of the Youth Agency, registration code: 040050000.10.003.021426, 2019, see at: <https://matsne.gov.ge/en/document/view/4642829>

15 Euronest Parliamentary Assembly Resolution of 1 November 2017 on Overcoming the impact of the economic crisis on youth unemployment in the EU and Eastern Partnership countries http://www.parliament.ge/en/ajax/downloadFile/76828/Resolution_on_Overcoming_the_impact_of_the_economic_crisis_on_youth_unemployment

Links with AA

The Council Recommendation on key competences for lifelong learning¹⁶ have been adapted to Georgia's situation and adopted by the LEPL Youth Agency. With regard to the AA, the Agency has identified that in Georgia there is no adequate description of youth workers, hence recognising developing and incorporating in legislation the concept of “youth worker” is part of primary reform that should be undertaken.

The EU-Georgia Association Agenda 2017-2020 calls on Georgia and the EU to “cooperate in the overall modernisation and reform of Georgia's education, training and youth systems”. Georgia's further integration into the European Higher Education Area, has been promoted by its becoming a member of the European Association for Quality Assurance in Higher Education, thus Georgia's National Centre for Educational Quality Enhancement has been included in the European Higher Education Quality Assurance Register.

Facilitating the integration of Georgia into the European Research Area¹⁷ (ERA) is part of the cooperation policies of the EU-Georgia Association Agenda 2017-2020. In 2019, Georgia completed work on a grant agreement with the European Commission so that the country can join EURAXESS, the pan-European EU platform for researchers.¹⁸

Conclusions and Recommendations

As reviewed in this chapter, Georgia has made some efforts and achievements toward implementation of the 18th Deliverable by promoting further integration into the European Higher Education Area, gaining recognition for Georgia as one of the most popular countries for credit mobility, supporting vocational education and training (VET) by introducing a state diploma which certifies receipt of a vocational education and its outcome. However, challenges remain in some of the directions, such as: the need to reduce the mismatch between skills and labour market demands, and incorporating a state Youth Agency into the AA agenda, as well as a broader educational framework, the engaging of regional education institutions into the mobility initiatives and so on. The study “Generation in Transition – Youth Study Georgia – 2016” initiated and funded by the Friedrich-Ebert Stiftung (FES) Georgian Office, has asserted that in rural areas only seven percent of respondents hold a Bachelor's or Master's degree, which raises questions on how well-equipped and effective higher education institutions in regional locations are¹⁹.

While Georgia's Youth Policy has not been updated since 2014, it has led on to the Georgian National Policy Development Action Plan (GNPDAP) for the period of 2014 – 2020. The policy document is an on-going process, reflecting current challenges. To advance the Action Plan, specific recommendations for strengthening interagency coordination and developing a concept for a National Youth Policy of Georgia should be drafted and submitted to the Parliament of Georgia for approval.

While highlighting the importance of recognising youth work or youth workers – it is of utmost importance to establish as common practice the recruitment of public servants in national or municipal bodies to deal with managing/implementing youth programmes. While human capital plays an integral part within youth programmes it is also vital to

16 Council Recommendation of 22 May 2018 on key competences for lifelong learning, see at: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018H0604\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018H0604(01)&from=EN)

17 2020 Association Implementation Report on Georgia, 2020, see at: https://eeas.europa.eu/headquarters/headquarters-homepage/74221/2020-association-implementation-report-georgia_en

18 Six-Month (January-June) Progress Report of the 2019 National Action Plan, see at: <https://bit.ly/38dCckT>

19 “Generation in Transition -Youth Study Georgia– 2016” by Friedrich-Ebert Stiftung (FES) Georgian Office, see at: <http://library.fes.de/pdf-files/bueros/georgien/13150.pdf>

shape a proper monitoring and evaluation (M&E) system at both central and local levels to track progress, along with an annual reporting cycle, which should involve independent, third-party, evaluators to assess the progress and drawbacks, and also to establish the infrastructure for sustainable development goal (SDG) reviews.

In order to meet incumbent challenges, the GoG is recommended to:

- Ensure that there is a mentorship system for state-run organisations to tackle the challenge of reinforcing the employability of graduates;
- Establish effective mechanisms for CSOs and non-state actors to participate in the development of cultural policies and in capacity building activities;
- Establish a multi-stakeholder working group to enhance inter-cultural dialogue and civic skills at all levels of education;
- Adopt legislation, as well as corresponding standards, that establishes the concept of “youth work” and “youth workers”;
- Promote links between regional higher academic institutions and Partner Countries’ researchers and research organisations with regard to opportunities for mobility, training, and cooperation;
- Ensure institutionalisation of the state Youth Agency as a coordinating body between youth organisations, regional/state structures, activists and relevant stakeholders;
- Hold consultations with youth organisations to shape an all-inclusive youth policy document, which reiterates the needs of young people from vulnerable groups;
- Promote the experience-sharing of a curricula applied at the EaP European School with other public/private schools of Georgia;
- Commit to implementing effective reforms for vocational education and training (VET) that respond to labour market demands.

19

Eastern Partnership European School

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The “20 Deliverables for 2020” envisages setting up an Eastern Partnership (EaP) European School as a flagship project of the European Commission (EC). Establishing an EaP European School is a regional initiative, targeting all six countries of the EaP region. The EC together with the Eastern partners aims to give the opportunity for a high-quality education to the youth of the EaP countries, namely pupils at secondary school level, by creating a multi-cultural environment that contributes to the promotion of shared values. Furthermore, the EaP European School has been envisaged as an important starting point for EaP youth to study the EU and its role in the EaP region.¹

¹ European Commission, Joint Staff Working Document, ‘Eastern Partnership - 20 Deliverables for 2020 Focusing on key priorities and tangible results’, Brussels, 9.6.2017, SWD(2017) 300 final

Present Status

Establishment of the EaP European School has been planned in two main phases. First a short-term phase, followed by a second long-term one. The former involves first setting up a partnership with an existing Tbilisi-based school which would allow the establishing of the EaP European School on its premises for the first few years.² As a result, in the framework of the first phase of the pilot project, in September 2018 the EaP European School was set up on the premises of the “New School” in Tbilisi. The ceremony was attended by European Commissioner for European Neighborhood Policy and the Negotiation of Enlargement, Johannes Hahn. Since then the school has been fully functional, hosting 30 students for the 2018-2019 academic year. The first phase of the pilot project also involves the training of teachers, as well as facilitation and visa support for pupils

Overall, for the first phase the Commission has allocated 7 000 000 EUR. In September 2019 construction of a complex for the EaP European School was started in Tbilisi. The building is supposed to be fully constructed and operational by 2023 (the initial launch date was postponed from 2021 to 2023)³, and intended to accommodate 100 students with facilities for studying and living and built on 26 099 square meters of land designated by the Tbilisi City Hall.⁴

Recently, with the support of the EU and the International Baccalaureate, the school announced a call for applications for scholarships for the academic year 2020-2021.⁵ The scholarships are targeted at students from six partner countries aged 16-17, out of which thirty-five successful candidates will be chosen. The two-year long study course is focusing on Europe and European affairs. The programme also involves study visits to Europe's capitals.

The second phase of the project involves finishing the construction of facilities for the EaP European School in Tbilisi and offering a “fully European Schools’ based learning curriculum, working in close coordination with the activities of EU Member States and taking into account the objective of multilingualism.”⁶ While the first phase of the project covers only the last two years of secondary education, in the second phase the complete secondary education cycle will be gradually developed. For this reason, a feasibility study is planned.

Remaining Challenges

In March 2019 the EC issued a report on the monitoring of implementing the “20 Deliverables for 2020” in which the EaP European School is the only one among 20 deliverables where progress is assessed as “completed”.⁷ Yet, as the first phase of the project is still ongoing, with the official facility as well as students’ residencies still under construction

2 European Commission, ANNEX 6 to Commission Implementing Decision on the ENI East Regional Action Programme 2017 Part 2 (including two actions on budget 2018 and two actions on budget 2018 & 2019), to be financed from the general budget of the European Union Action Document for the European School for the Eastern Partnership in Georgia. Accessible at: <https://bit.ly/3avOk0l>, last retrieved on 3rd of February, 2020

3 European Commission, ANNEX of the Commission Implementing Decision on the ENI East Regional Action Programme 2019 Part V, Action Document for the European School in Georgia. Accessible at: <https://bit.ly/2W0f1Fg>, last retrieved on 3rd of February, 2020

4 Ministry of Education, Science, Culture and Sports of Georgia, “თბილისში ევროპული სკოლის კომპლექსის მშენებლობა იწყება”, “Construction of European School complex launched in Tbilisi” (author’s translation), 2019, accessible at: <https://www.mes.gov.ge/content.php?id=9377&lang=eng>, last retrieved on 3rd of February, 2020.

5 Official Website of the Eastern Partnership European School: <http://www.eapeuropeanschool.eu/>

6 European Commission, ANNEX 6 to Commission Implementing Decision on the ENI East Regional Action Programme 2017 Part 2 (including two actions on budget 2018 and two actions on budget 2018 & 2019), to be financed from the general budget of the European Union Action Document for the European School for the Eastern Partnership in Georgia.

7 European Commission, 20 DELIVERABLES FOR 2020, Monitoring – State of Play March 2019, accessible at: <https://bit.ly/3cHJwWV>, last retrieved on 3rd of February, 2020

the school will only be fully operational and able to host 100 students⁸ by 2023. However, in the EC action document for the EaP's European School in Georgia the number of student which the new school building could host was envisaged to be 300.⁹

The 2019 action document adds that after five years the school should reach 500 pupils.¹⁰ Indeed, it is important to enlarge the potential number of the students, especially since the school is the only one of its kind for the six countries of the region. A positive development that might help expansion in the second phase could also be the increase of annual scholarships, to be made available before the second phase starts.

The EU is already supporting the development of European studies in the universities of the EaP region and in this regard, the EC's Jean Monnet Activities under the framework of Erasmus+ has been important. Jean Monnet activities are aimed at developing European studies and EU-focused curricula. In 2014-2018, 83 projects from EaP countries, including regional projects involving institutions from all six countries, were awarded in the framework of Jean Monnet activities.¹¹

Link with the AA

The establishing of the EaP European School serves as a good example of how the EU can deliver tangible benefits for the citizens of its EaP partner states, in this case, directly contributing to secondary education and raising awareness of the EU among youth. It is also in line with commitments undertaken by both the EU and Georgia under the Association Agreement /Deep and Comprehensive Free Trade Area (AA/DCFTA). More specifically, Chapter 16 of the Association Agreement puts an emphasis on cooperation in the field of education, training and youth. Establishment of the EaP European School contributes to the development of several articles defined in this chapter. To mention a few: in reinforcement of “understanding and knowledge on the European integration process, the academic dialogue in EU-Eastern Partnership relations”; in “encouraging the learning of foreign languages” and in “reinforcing international academic cooperation”.¹²

Conclusions and Recommendations

Overall, launching the EaP European School in Tbilisi is a very positive signal from the EU and holds the potential to become an important and valuable project in the field of secondary education. As of now it can be concluded that implementation of this deliverable has seen some tangible results, although it will be a time before the school is functioning at its full capacity. However, considering that the EaP involves six countries, setting up only one school might not suffice in terms of achieving the desired, larger results. Moreover, the number of scholarships currently available are rather limited.

Against this background, the following recommendations are elaborated for the EU, Government of Georgia and other EaP states regarding further development of the EaP European School.

8 Ministry of Education, Science, Culture and Sports of Georgia, “თბილისში ევროპული სკოლის კომპლექსის მშენებლობა იწყება”, “Construction of European School complex launched in Tbilisi” (author's translation), 2019.

9 European Commission, ANNEX 6 to Commission Implementing Decision on the ENI East Regional Action Programme 2017 Part 2 (including two actions on budget 2018 and two actions on budget 2018 & 2019), to be financed from the general budget of the European Union Action Document for the European School for the Eastern Partnership in Georgia.

10 European Commission, ANNEX of the Commission Implementing Decision on the ENI East Regional Action Programme 2019 Part V, Action Document for the European School in Georgia.

11 European Commission, EU-Eastern Partnership cooperation through Erasmus+, 2018 accessible at: <https://bit.ly/3bzwmlN>, last retrieved on 3rd of February, 2020.

12 Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, Official Journal of the European Union, L 261/4, 2014

Recommendations for the next common agenda of the Eastern Partnership and European Union in regards the Deliverable 19:

- The EaP states, including the Government of Georgia, alongside with the EC and respective delegations of the EU to EaP countries, should further increase the visibility of the European School in Tbilisi;
- While a fully-fledged EaP European School is planned to be operational by 2023, it is important to start increasing the number of available scholarships gradually before that date;
- Consider opening scholarship opportunities to citizens coming from occupied and/or conflict-affected territories of Georgia and other EaP states;
- Considering that for now only limited places and scholarships are available for interested pupils of the EaP region, setting up additional short-term courses, such as winter schools or summer schools for external pupils, would serve the purpose of the School and potentially further increase its visibility in the region;
- Providing funding to help teachers and students attend short-term exchange programs in existing European Schools in EU member states (for example in Brussels) could further contribute to strengthening the capacity of teachers and enrich learning experiences for students;
- In line with the previous recommendation, the establishing of a network of higher-education institutions to provide short-term visits and programmes would be valuable. For example, study visits to Belgium to visit the European institutions could be complemented with short-term introductory courses at the College of Europe (Bruges campus).
- For the next agenda for EaP countries, the Commission and the governments of the EaP states should consider planning to set up more European schools in other countries of the EaP region.

20

Integration of Eastern Partnership and European Union research and innovation systems and programmes

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The last of the 20 Deliverables for the Eastern Partnership 2020 initiative aims to enhance cooperation in the areas of research and innovation between the European Union (EU) and Georgia. Several milestones were identified in the founding document: fully functional association with Horizon 2020 (the EU research framework); promotion of the Eastern Partnership (EaP) Plus project (creates Erasmus+ project opportunities); peer-reviews of Georgia's research and innovation systems, and establishment of a high-capacity broadband internet network for research and education¹. Targets have been assigned to each of these, and for Georgia, the Deliverables document identified eight targets.

¹ European Commission. 2017. "Eastern Partnership - 20 Deliverables for 2020 Focusing on Key Priorities and Tangible Results." SWD(2017) 300 final.

Main targets for Deliverable 2020 for Georgia²	
1.	Associated countries' research and innovation stakeholders integrated in relevant EU networks/platforms and alignment of associated countries and EU strategies for research and innovation.
2.	Full access of Partner Countries to all Horizon 2020 funding schemes for individual researchers/innovators.
3.	Substantially increased participation of Partner Countries in Horizon 2020.
4.	Science Technology and Innovation (STI) Policy Recommendations "EU-EaP beyond 2020" based on fact-finding reports for Partner Countries.
5.	Six new EU-EaP Innovation Clusters (one per country) established, and innovation managers in Partner Countries trained.
6.	National public research and innovation systems improved in performance, competitiveness.
7.	Six National research and education networks in the region integrated in pan-European GÉANT network, decreasing digital divide.
8.	Eduroam deployed and integration with GÉANT services stimulated.

Present Status

Over the last decade, improvement of the research and development (R&D) sector as well as science, technology and innovation (STI) systems, has been one of the main priorities for the Georgian government and was designated as “a strategically important national priority for the country.”³ In 2017, the Georgian government adopted “The Unified Strategy of Education and Science of Georgia 2017-2021” which aimed at creating more robust and competitive education and science systems.⁴ Development of the STI was also one of the cornerstones of Georgia's Socio-Economic Development Plan “Georgia 2020”, as well as the Government's Four Point Plan. The Georgian government acknowledged the structural challenges of Georgian STI (science, technology & education) and R&D (research & development) sectors, such as limited development, lack of competitiveness and underfunding – all of which are reflected in global innovation indices.⁵

For instance, in the Global Innovation Index 2019 Georgia occupies 59th place - a significant improvement over last year, but still showing room for improvement.⁶ What is more, in the area of R&D Georgia occupies only 75th place, mostly due to underfinancing and only average scores in its university rankings.⁷ Similarly, in the World Economic Forum's Global Competitiveness Report 2019, Georgia occupies only 74th place and has an even lower score in “innovation capability” (91th place).⁸

To tackle these challenges and improve the R&D and STI areas the Georgian government

² European Commission. 2017. “Eastern Partnership - 20 Deliverables for 2020 Focusing on Key Priorities and Tangible Results.” SWD(2017) 300 final. 48-49.

³ Ministry of Education, Science, Culture and Sport of Georgia. 2018. “Unified Strategy for Education and Science for 2017-2021.” Accessed February 10, 2020.

⁴ Ministry of Education, Science, Culture and Sport of Georgia. 2018. “Unified Strategy for Education and Science for 2017-2021”. Accessed February 10, 2020. <https://bit.ly/39LzToA>.

⁵ Government of Georgia. 2014. “Social-economic Development Strategy of Georgia “GEORGIA 2020.” Accessed February 10, 2020. <https://bit.ly/2xOf60>.

⁶ Dutta, Soumitra; Lanvin, Bruno; and Sacha Wunsch-Vincent. 2019. “The Global Innovation Index (GII) 2019: Creating Healthy Lives—The Future of Medical Innovation”. Accessed February 09, 2020. <https://www.globalinnovationindex.org/Home>. P. 258.

⁷ Ibid. P.258.

⁸ Schwab, Klaus. 2019. “The Global Competitiveness Report 2019”. Accessed February 09, 2020. http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport2019.pdf. P. 234.

envisages implementing whole sets of measures in its strategic documents via planning and cross-agency activities. They include legislative changes, investment boosting, development of scientific and research infrastructure, better recruitment and human resources policy, etc.⁹ In this regard, collaboration with the EU, including the implementation of the 20 Deliverables for 2020, as well as the Association Agreement (AA), remains of paramount importance.

Within the “Deliverable 20 by February 2020” Georgia already meets the majority of targets, yet a few challenges and gaps remain to be addressed. Targets 2, 3 (Horizon 2020), 4 (peer review report), 5 (innovation clusters), 7 and 8 (GÉANT) were to a great extent implemented by 2018, according to various sources.¹⁰ However Georgia needs to do more to fully exploit the potential offered by the EU programs.¹¹

Georgia became an associated member of the Horizon 2020 programme in 2016 and since its participation rate in the projects has risen rapidly.¹² According to the Georgian Horizon 2020 webpage, as of now Georgian partners participated in 40 Horizon 2020 projects.¹³ Further, a Georgian webpage and a Facebook page dedicated to Horizon 2020 were established by the Ministry of Education, Science, Culture and Sport of Georgia¹⁴. To make information easily accessible and encourage participation of Georgian research and academic organizations, Georgia also became an Eduroam participant country in 2016.¹⁵ Eduroam (Education Roaming) refers to the “the secure, world-wide internet roaming access service developed for research and education community”.¹⁶ As of 2018, Eduroam was available in 20 locations and negotiations were ongoing with more universities.¹⁷

In September 2020 Georgia also became a member of the pan-European EURAXESS research network, which represents one more step towards integration into the European research area. Finally, in 2017, the non-governmental Georgian Cluster National Platform (GCNP) was created. In terms of R&D clusters, as of now Georgia seems to be the leading country in the South Caucasus region with three clusters included in the European Cluster Collaboration Platform: Georgian Furniture Cluster, Georgian Medical R&D (Tuberculosis) Cluster and Georgian Tourism Cluster (Association).¹⁸

Finally, targets 1 (integration into EU research platforms) and 6 (performance and competitiveness) are overarching and have less technical objectives – their implementation depends on many structural factors and assessment of progress is difficult (especially in terms of competitiveness and performance). At this stage, it can be argued, that although Georgia met the majority of technical targets (2,3,4,5,7,8), its R&D still suffers from major structural weaknesses. Hence it is falling short of making full use of EU programs and platforms (target 1) and suffering from low quality performance and competitiveness (target 6).¹⁹

9 Government of Georgia. 2014. “Social-economic Development Strategy of Georgia “GEORGIA 2020”. Accessed February 10, 2020.

10 European Union. 2018. “20 DELIVERABLES for 2020. Monitoring – State of Play 2018”. Accessed February 09, 2020. <https://bit.ly/3dUa-fAW>.

11 European Commission. 2019a. “7th Meeting of the Eastern Partnership (EaP) Panel on Research and Innovation.” Accessed February 09, 2020. <https://ec.europa.eu/research/iscp/index.cfm?pg=eep>.

12 Ministry of Education, Science, Culture and Sport of Georgia. 2018. “United Strategy for Education and Science (2017-2021) Monitoring Report for Strategic Objectives and Action Plan Performance”. Accessed February 10, 2020. <http://mes.gov.ge/content.php?id=7755&lang=eng>.

13 Horizon 2020. “ჰორიზონტი 2020 პროგრამის ფარგლებში დაფინანსებული პროექტების ჩამონათვალი ქართული პარტნიორების მონაწილეობით.” Accessed February 09, 2020. http://horizon2020.ge/?page_id=1758.

14 Horizon 2020. “ჰორიზონტი 2020.” Accessed February 09, 2020. <http://horizon2020.ge/>.

15 EapConnect. 2018. “GRENA Boosts Eduroam Visibility in Georgia at UNESCO-Supported Anniversary Event”. Accessed February 10, 2020. <https://bit.ly/2UFKHjO>

16 Grena. 2020. “Eduroam.” Accessed February 10, 2020. <https://www.eduroam.ge/eng/>

17 EapConnect. 2018. “GRENA Boosts Eduroam Visibility in Georgia at UNESCO-Supported Anniversary Event”. Accessed February 10, 2020. <https://bit.ly/39LAu9O>.

18 EAP PLUS. 2018. “Georgian Clusters Appear on the EU Clusters Map.” Accessed February 10, 2020. <https://www.eap-plus.eu/object/news/151>.

ECCP. 2020. “Cluster Organisations Mapping Tool”. Accessed February 10, 2020. <https://www.clustercollaboration.eu/cluster-mapping>.

19 See the recent Association Implementation Report on Georgia issued by the European Commission: European Commission. 2020. “Associ-

Links with the AA

Implementation of Deliverable 20 directly contributes to the enactment of the parts of the EU-Georgia AA related to research and innovation. Chapter 12 of the AA covers Cooperation in research, technological development and demonstration (RTD)²⁰ and Article 343 lists the areas of cooperation which overlap significantly with Deliverable 20. They include “facilitating adequate access to the respective programmes of the Parties”; “participation of Georgian research entities in the research Framework Programme of the EU”; “training activities and mobility programmes for scientists, researchers” and the “promotion of joint projects for research in all areas of RTD”.²¹ Hence, fully implementing the deliverable on research and innovation will also significantly advance implementation of the research and innovation chapters of the AA.

The recent Association Implementation Report on Georgia also touched briefly on the state-of-the-art in the research and innovation area. The document highlighted the importance of the fact that Georgia has started “the gradual implementation of Horizon 2020 policy support facility recommendations“, which included the following areas:

- prioritising/identifying promising research fields;
- promoting science-business links;
- enhanced cooperation opportunities at institutional level;
- and measures to encourage the performance based funding of research entities.²²

Remaining Challenges

Most of technical aspects of the 20th Deliverable have been implemented by the Georgian government. However, some significant challenges remain and are difficult to tackle as they are connected to deep-seated structural problems and need long-term solutions. In terms of deliverable targets, the challenges include lack of full utilisation of EU programmes and platforms and the low level of Georgia’s competitiveness and performance of its R&D sector.

Among the main structural problems related to Georgia’s R&D sector (apart from lack of any significant corporate participation, unlike global leaders,) are lack of funds and the intense brain drain. According to one source, Georgia still has more R&D personnel (3122) and more researchers (2267) per million habitants than any other EaP country, but at the same time has the lowest Gross domestic expenditure on R&D per capita (0.32%).²³ The “low level of research and innovation (R&I) funding, and general uncertainty surrounding funding streams” was also identified as a key challenge by the peer-review report on Georgia’s R&D conducted by the Horizon Policy Support Facility.²⁴

The report identified a number of “overarching problems” for Georgia’s R&D sector which should be prioritized by the government and other stakeholders. They include:

ation Implementation Report on Georgia”. SWD (2020) 30 final.

20 Official Journal of the European Union. 2014. “ASSOCIATION AGREEMENT Between the European Union and the European Atomic Energy Community and Their Member States, of the One Part, and Georgia, of the Other Part.” Accessed February 09, 2020. <https://bit.ly/347N55K>. P. 119.

21 Ibid. P.119.

22 European Commission. 2020. “Association Implementation Report on Georgia”. SWD(2020) 30 final. P.16.

23 European Commission. 2018. “Roadmap for EU - Eastern Partnership S&T Cooperation”. Accessed February 10, 2020. <https://bit.ly/2wX-OzDq>, P.3.

24 European Commission. 2018b. “The 4Cs Behind Georgia’s Innovation System Overhaul”. Accessed February 10, 2020. <https://bit.ly/2UIInIEN>, P.1.

- Fragmentation of the R&D industry, which leads to unnecessary “duplication in research and facilities” and to a creation of a “sub-critical mass” of researchers;²⁵ According to the report, to overcome the negative effects of fragmentation the research system needs to be consolidated, communication and coordination platforms need to be created for relevant stakeholder and cross-agency coherence should be increased.²⁶
- There is a low level of funding from both private and public resources as well as “general uncertainty surrounding funding streams.”²⁷ To deal with the problem of lack of funding and the “high level of red-tape” needs to be reduced, a focus placed on “targeted financial support for research-business cooperation” and there is an urgent need “to stimulate private research investment”.²⁸ Introduction of performance-based funding mechanisms would further encourage risk-taking behaviour and development of marketable ideas.
- Lack of political governance and incentive-based structures: the Georgian government needs to ramp up demand for knowledge-based policies and improve the research evaluation regime which, in its current form, seems to be an unnecessary administrative burden.²⁹ Furthermore, better coherence between economic and strategic priorities of R&D is needed.
- Most R&D and STI challenges are of a structural nature: they are not limited to research and education areas but are embedded in the political, economic and financial systems of the country. Therefore, to overcome the problems a broader policy strategy is needed, one which also involves other policy areas and requires structural socio-economic and institutional changes.

Conclusions and Recommendations

The EU does not always provide specific indicators to assess the progress achieved on implementation of the 20 Deliverables and this is particularly true for this last Deliverable, on research and innovation. However, overall, it seems that a big part of Deliverable 20 has been implemented. Georgia met its goals with regard to most targets proposed by the EU in the 20 Deliverables 2020 document. They include, among other points, integration into Horizon 2020 schemes and GEANT, introduction of Eduroam services and the establishing of innovation clusters. We can assume that from a technical viewpoint, Deliverable 20 has been largely implemented.

However, many structural challenges remain, and to mitigate them reforms in the R&D sector that are broader and more all-encompassing are necessary. This goes slightly beyond the boundaries of the Deliverable and also spills over into other areas - such as education, migration, employment and social policy. Below we propose a number of recommendations to be made to the Georgian government in order to fully meet the targets of the Deliverable 20 in the spirit of overcoming structural weaknesses and strengthening Georgia's R&D sector:

- Georgia and the EU should work together to reduce the brain-drain of Georgian scientists and scholars which is an important precondition for improving Georgia's R&D competitiveness.
- Georgia needs to step up public funding and look for private funding schemes for R&D to increase competitiveness and performance of its national research system.

25 Ibid. P. 1-2.

26 Ibid. p. 1-3.

27 Ibid. P.1-2

28 Ibid. P. 1-2

29 Ibid. P.1-3.

- Overcome the fragmentation of the R&D system and improve synergies among the scattered research facilities.
- Promote innovative-friendly regulations and cut the red tape in the R&D system.
- Improve overall political governance of the R&D system by better allocation of resources, close coordination among main stakeholders, supporting private investments and overhauling the old structures in the system.
- Focus more on designing and developing Smart Specialization strategies – seek EU help and cooperate with the EU's Joint Research Centre (JRC).
- Strengthen capacity in local research and scientific units to apply the Horizon 2020 requirements and manage the Horizon2020 projects.

