

Bachelor Thesis  
European Studies  
School of Management and Governance

**THE EUROPEAN NEIGHBOURHOOD POLICY AND  
DEMOCRATIZATION IN GEORGIA**

*A case study by Wiebke Söhrens*

University of Twente, the Netherlands

June, 29<sup>th</sup> 2009

**Wiebke Söhrens**

**Address**

Bilderdijkstraat 17  
7514CN Enschede  
the Netherlands

**Contact**

wiebke.sohrens@gmail.com  
w.sohrens@student.utwente.nl

**Study**

European Studies, BSc  
University of Twente

**Student number**

s0157686

**Supervision**

*Dr. Shawn Donnelly*

School of Management and Governance  
Department of Legal and Economic Governance Studies

*Dr. Luisa Marin*

School of Management and Governance  
Department of Legal and Economic Governance Studies

## **Abstract**

The current framework used by the European Union (EU) to cooperate with its near abroad is the European Neighbourhood Policy (ENP). The ENP is the EU's response to the queue of membership applicants and is an alternative to membership. The policy aims at creating "a ring of friends" and has as its basis of cooperation the commitment to shared democratic values. The concept of democracy is broad and this paper investigates whether the ENP has the power to trigger democratization and pays attention to the last two years in which the ENP has been active in Georgia. Georgia has great aspirations of joining the EU and by binding Georgia into the ENP the country is pushed towards a democracy like the EU understands it. This case study pays special regard to two aspects of the ENP which are the democratic approach directed at the transformation of the government and the part directed at the development of the market economy. The effectiveness of the ENP is analyzed with the help of EU progress reports and three selected sources that judge Georgia's development. The most effective part of the ENP and at the same time main catalyst of the ENP to trigger democratization is economic reform. While transforming the economy, the adaptation of EU-legislation has spill-over effects which contribute to the development of a democratic character.

---

## TABLE OF CONTENTS

1	Introduction .....	1
2	Literature Review .....	3
2.1	Models of Democracy .....	3
2.2	Good Governance .....	5
3	Theoretical framework .....	6
3.1	External Incentive Model.....	6
3.2	Modernization theory .....	7
4	Development of the ENP .....	9
4.1	Early development .....	9
4.2	Technical Aid to the Commonwealth of Independent States .....	10
4.3	Political and Cooperation Agreements and Action Plans .....	11
4.4	European Neighbourhood and Partnership Instrument .....	12
5	Development of Georgia .....	14
5.1	Early cooperation.....	14
5.2	Rose Revolution of November 2003.....	15
5.3	European Neighbourhood Policy .....	16
6	Operationalisation.....	19
6.1	Research Methodology .....	20
7	Empirical Findings .....	23
7.1	Content analysis.....	23
7.2	Economist Intelligence Unit Democracy Index .....	27
7.3	Freedom House .....	28
7.4	Bertelsmann Transformation Index .....	29
7.5	Linking with theories .....	33
8	Conclusion.....	35
	References.....	37
	Abbreviations .....	40
	Appendix A: Good Governance criteria by the DG External Relations (2007) .....	41
	Appendix B: Overview budget allocation of the ENPI 2007-2010 (European Commission, 2007) .....	42
	Appendix C: Overview main priorities and goals of the Georgia AP .....	43

---

## LIST OF TABLES

Table 1: Chronological development of instruments used for managing external relations .....	13
Table 2: Overview EU-Georgia cooperation.....	17
Table 3: EU Assistance to Georgia between 1992 and 2006 in million of Euros (European Commission, 2007) .....	24
Table 4: Comparison progress reports 2008 and 2009.....	25
Table 5: Comparison of Georgia - 2006 and 2008 (Economist Intelligence Unit, 2008).....	27
Table 6: Freedom House rating of Georgia (Georgia, 2006) .....	28

---

## LIST OF FIGURES

Figure 1: ENP countries (European Commission, 2009) .....	10
Figure 2: Visualization of hypotheses .....	22
Figure 3: Dimensions and indicators of BTI (2006) (Bertelsmann Stiftung, 2008b) .....	30
Figure 4: Comparison of Georgia's performance: 2008 (blue) and 2003 (red) (Bertelsmann Stiftung, 2008b) .....	31
Figure 5: Comparison of Georgia's performance: 2008 (blue) and 2006 (red) (Bertelsmann Stiftung, 2008b) .....	31
Figure 6: Detailed comparison of Georgia's performance in 2006 and 2008 (Bertelsmann Stiftung, 2008b)..	32

# 1 Introduction

The European Union is one of the most important and influential actors in the international field. With its latest expansion to twenty-seven members in 2007, it also gained new neighbours. It is of great interest for the Community to cooperate closely with its neighbours on a variety of fields and to create “a ring of friends”. In order to facilitate the cooperation, the Commission introduced the European Neighbourhood Policy (ENP) in 2004. Besides creating a great bond with the neighbours by offering a “privileged partnership”, the ENP should be seen as an alternative to membership and a response to the queue of applicants. The ENP offers everything, but institutions, while at the same not excluding the possibility of future membership. One main goal is to create prosperity in the EU’s near abroad, foster economic integration and stimulate political cooperation (Smith, 2005).

The basis for cooperation is given by the commitment to shared values such as democracy and the rule of law. The EU tries to strengthen these values and the relationship in general by administrative and legal support as well as economic incentives and political reform. With the latest enlargement the EU opened a new framework to sixteen<sup>1</sup> neighbours based on the commitment to shared values as a basis. This investigation tackles the research area of EU’s credibility and power, e.g. does the EU have the power to successfully pressure for democratization. This paper will look at the influence of the EU in Georgia as an example for a direct Eastern neighbour. The research question is: *how effective is the European Neighbourhood Policy in triggering democratization in Georgia?*

Georgia has great aspirations to join the EU in the long-term (Papava, 2006b) and therefore is very eager to cooperate closely (Open Society Georgia Foundation, 2007). The assumption is that the ENP positively contributes to the democratization process in Georgia. As this paper will show, the ENP is most successful in fostering economic cooperation while the gaps in the democratic area are difficult to overcome. The adaptation of EU legislation in the economic field has spill-over effects which are noted through improvements in areas related to democratic reform. However, these improvements are considerably slower than the economic progress. In course of action, this paper will

---

<sup>1</sup> In the South: Morocco, Algeria, Egypt, Tunisia, Libya, Lebanon, Syria, Jordan, Israel, Mauritania, Palestinian Authority and in the East: Armenia, Azerbaijan, Georgia, Ukraine and Belarus. Russia is not participating in the ENP as it prefers to cooperate with the EU on a more even level through the “EU-Russia Common Spaces”. They are also referred to as 16 plus 1.

explore the concept of democracy and how the EU defines it, describe the development of the ENP and the EU-Georgian relationship with special regard to the domestic situation. The empirical part will explore effectiveness by analyzing progress reports supported by EU-independent data.

## 2 Literature Review

Cooperation between the EU and its neighbours is based on the commitment to shared values. What are shared values? Scholars usually associate this notion with the Copenhagen criteria that were developed in 1993 for the preparation of the big Eastern enlargement round in 2004 by which many former Soviet countries became member of the EU. The Copenhagen criteria refer to stable political institutions, guaranteed democracy and rule of law as well as the respect for fundamental, minority and human rights (Bosse, 2007). The relationship between the Copenhagen criteria and the ENP is that the EU uses so called good governance criteria to see whether a country does develop as desired by the EU. The following paragraph will review concepts of democracy in order to see what the result of EU's intervention in its neighbour states ideally could look like. The EU's concept of democracy is defined by the Copenhagen criteria which were the basis for the good governance framework, as were the attributes of concepts to be elaborated in the following lines.

### 2.1 Models of Democracy

There are various definitions of democracy that range from broad to very specific. An example for a very broad definition is given by Abraham Lincoln who simply defined democracy as government by the people and for the people (Saward, 1994). Saward adds to Lincoln's core principle of the people's government equality, sovereignty and control as well as inclusiveness when it comes to decision making. Kenneth Newton and Jan W. van Deth define democracy as "political system whose leaders are elected in competitive multi-party and multi-candidate processes in which opposition parties have a legitimate chance of attaining power or participating in power." (2005:22). The origin of democracy varies with the consulted source as some claim democracy to be present since 2500 years while others see its origin 200 years ago in the United States of America. Although there is confusion about the origin of democracy and diffusion of concepts and definitions, there are two certain aspects: there is a continuous rise of countries that are democracies and an important notion that is always mentioned in connection with democracy is equality (Dahl, 2000).

A more specific concept is given by Dahl (2000) who marks the ideal democracy with five criteria. He elaborates his criteria on the example of a group decision to be made: first, *effective participation* which means that every member shall have the chance to express his



opinion before a decision is made; second *equality in voting* which means that every vote shall have the same weight; third *gaining enlightened understanding* which means that each member should have time to explore alternatives before deciding; fourth *exercising final control over the agenda* which describes the continuous open process of decision making procedure of the preceding three criteria, since the members shall have time to adjust the agenda, if needed and finally the *inclusion of adults* which suggests that every adult should enjoy the rights of full citizenship. These five criteria can be found in many definitions and ideal types of democracy as for instance in Dahl's creation of a "polyarchal democracy" which is an amalgamation of Madisonian and Populistic theory. The Madisonian democracy holds a non-tyrannical republic as the goal to be maximized, while populistic democracy has as its core principles popular sovereignty and political equality. The polyarchal democracy is marked by not merely checks and balance, but the active participation of civil society organizations (CSO) which creates social checks and balances and therewith has the potential to strongly involve the individual in the state (Dahl, 2006).

Another concept to be mentioned was developed by Arend Lijphart. He is not able to define a democracy solely in one definition as each definition would raise questions again and therefore looks at different patterns of democracy. However, Lijphart (1999:275-293) mentions three criteria and examples of indicators that should be taken into account when judging democracies. First, *economic performance* is measured for instance via economic growth, inflation, unemployment, strikes, budget deficit and economic freedom. Second, *democratic quality* can be measured by Dahl's (2006) rating of "democratic quality" as outlined in his so-called polyarchal democracy. Indicators are economic equality (as proxy for political equality), representation of women, electoral turnout and satisfaction with functioning of democracy or ideology. Third, *kinder, gentler qualities* are social security and expenditure, developmental aid, environmental quality, corruption, violence or crime rates.

Naturally, there are more concepts of democracy such as the modernization theory that assumes economic well-do will lead to democratization automatically. Another one is Habermas' deliberative theory which says that a state can only function properly if the citizens actively participate which is in sharp contrast to Schumpeter's elitist theory on reducing the citizen's participation to voting. However, three patterns become clear: Dahl's polyarchal democracy, Lijphart's models of democracy and the modernization theory.

## 2.2 Good Governance

The fourth pattern that needs to be mentioned is good governance. Good governance criteria are derived from the Copenhagen criteria that were used to transform former Soviet countries that are contemporary EU members. Therefore using good governance in the South Caucasus is the application of a familiar framework that has proved successful. It is of great importance to understand this concept as the EU rests its cooperation with neighbouring countries (meaning also the ex-Soviet country Georgia) on these criteria. In order to judge the overall development of a country towards a character similar to that of the EU members, the Directorate General (DG) for External Relations came up with a non-exhaustive list of criteria that should be met when exercising good governance<sup>2</sup>. Some of these criteria are straight forward and in line with the aforementioned three main concepts like rule of law, human rights or checks and balances. Others are indirectly incorporated such as freedom of assembly, fight against discrimination or right to development.

Good Governance is a common phrase used by international organizations. This strategy is rather popular among scholars, but problems arise from the varying definitions. The discussion of the concept goes back to the 1980s and is still not settled. Good governance criteria have their origin in the democratic rule of law, including human rights and citizen participation (Curtis, Wessel, 2005:27-38). Some scholars argue that good governance is used as an “umbrella concept” under which sophisticated political processes or desirable goals are subordinated in one category (Conzelmann, 2003). In context of this paper, the good governance criteria are used as indicators to see whether Georgia is moving towards a democracy as the EU likes to see it. Fulfilling the criteria outlined in the good governance list means being in line with the EU which in turn means being democratized. In the following, theories will be discussed on how democratization might be achieved.

---

<sup>2</sup> This information is based on informal email correspondence with the DG for External Affairs.

### 3 Theoretical framework

The use of established theories enables the researcher to see whether common phenomena and verified patterns are visible in the achieved results. There are two theories that are of interest for this study as they are frequently mentioned in relation with the ENP: first, the *external incentive model* by Schimmelfennig to explain a method of triggering democratization with the help of conditions and secondly the potential power of economic development which is referred to as *modernization theory*. The theories will be applied to the results with the aim of detecting the stronger catalyst for democratization, meaning whether the offer of close cooperation in a variety of areas or merely economic cooperation is more effective.

#### 3.1 External Incentive Model

The ENP can trigger democratization by using the accession conditionality. According to the theory of Schimmelfennig and Scholtz (2008) this is the most effective instrument the EU has when aiming at democratic reform. Political conditionality works with rewards such as associations, money or membership in case of the adoption democratic rules. Negative consequences for failing to adopt might be reduced assistance or denied association. Membership is the least credible reward since the EU has recently been reluctant to promise this kind of partnership (Schimmelfennig, 2008). However, the size and credibility of the reward defines the extent of democratization. A third force to promote democracy is transnational exchange which describes the interaction with non-government actors that contribute to pro- and anti-democratic struggles within the country (Schimmelfennig, Scholtz, 2008). In other words, endogenous development is achieved by external incentives.

The use of conditionality and rewards is often referred to as an external incentive model by Schimmelfennig. This model is a rationalist bargaining system driven by cost-benefit analysis as main condition for compliance, meaning if the costs of complying with the EU are smaller than the benefits, the adoption of EU rules is likely to happen (Schimmelfennig, 2005). Thus, internal change is driven by external rewards. The effectiveness of the model and the external-internal balance will be at its greatest if the conditions are set and the rewards are certain. This means that the requirements for a vital partnership as well as the consequences of successful partnership are clear, e.g. financial support or membership. In addition to that the credibility of threats must be taken seriously

and the compliance costs are small. This means that in case of unfruitful cooperation, the consequences are clear and complying with the conditions is of greater value than failing to do so. Finally there needs to be a small number of other interest groups, because a higher degree of cooperation is achieved if other players are less attractive (Schimmelfennig, Seidelmeier, 2005).

### 3.2 Modernization theory

The second theory suggests seeing democracy as a function of the level of social and economic development of a society. Schimmelfennig and Scholtz (2008) also emphasize the contribution of economic development to democratization. A pioneer in the field of explaining forces of democracy was Seymour Lipset. He elaborated on the connection between economic well-being and democratic stability and concluded that the two aspects are mutually reinforcing. A society that reaches a certain level of wealth, education, technology, bureaucratic capacity and is made up by individuals with political and social skills will move towards democracy (Lipset, 1959).

An example that supports the theory is given by Rostow and is known as an explanation for how a country develops by incremental capital accumulation. His model presents four stages a country goes through: *traditional society* (marked by primitive technology and a hierarchy), *preconditions for take-off* (improved technology, increased trade and investment), *take-off* (rapid economic growth, sophisticated technology), *drive to maturity* (self-sustaining growth) and eventually the *age of high mass consumption*<sup>3</sup> (Binns, 2008) which happened for Europe in the last two centuries. However, as this development was rather unique for Europe it shall only be seen as an example for the correlation between prosperity and democracy.

This paper will look at economic development as presented by Bernhagen et al. (2008) who give qualitative evidence to support the thesis by Lipset that the higher the level of economic development, the higher the level of democracy via the transformation of economic resources into political power. Through the means of capitalism, naturally a certain inequality is likely to erupt which contributes to the pressuring democratic

---

<sup>3</sup> This theory is also subject to criticism for the connection between economy and democracy as this unilinear model can merely be applied to Europe before and after the Second World War and not expanded to other societies. This criticism is supported by contemporary examples such as China that enjoy a high affinity towards capitalism without democratic institutions (Bernhagen et al, 2008).

forces<sup>4</sup>. There is a certain time-order in which this process happens: economic development creates a highly educated, urbanized population which will then pressure for democratization. In other words, democracies are more likely to be successful in countries with a high standard of living that practice capitalism.

---

<sup>4</sup> This inequality is also known as u-shaped Kuznets curve in which inequality pressures until a critical moment is reached and decreases when a critical average income is obtained. However the relationship between inequality and democracy is weaker than the relationship between a vital economy and democratization (Bernhagen et al. 2008).

## **4 Development of the ENP**

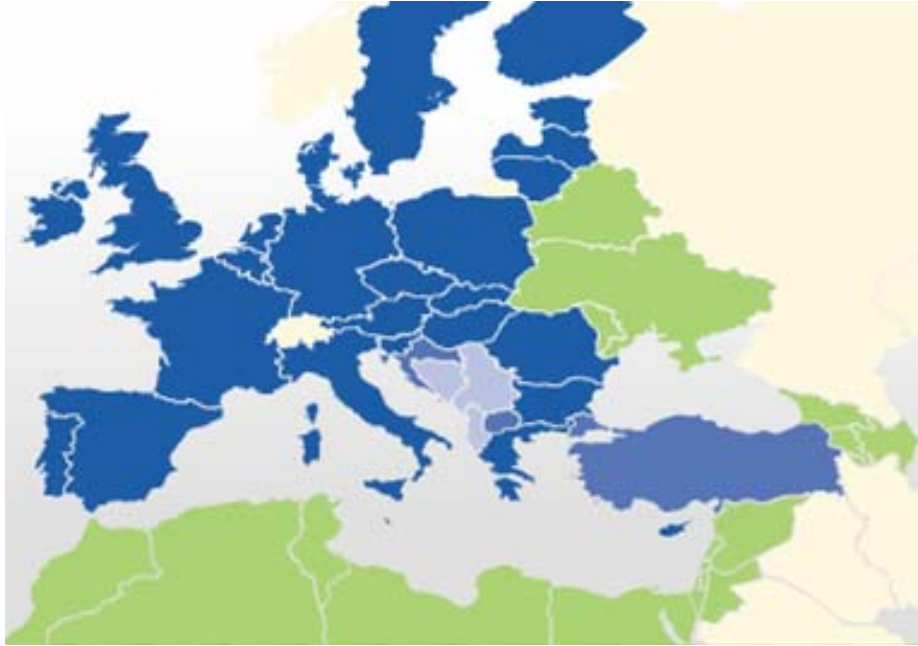
So far this paper gave an idea of the concept of democracy which is broadly speaking based on the rule of law and respect for human rights in case of the EU. Good governance criteria are used for the assessment of a government. The EU uses the ENP as framework to channel the relationship with its near abroad. This chapter analysis the development of the ENP as the overall aim is to see the influence the new framework has.

### **4.1 Early development**

There were several policy proposals before the ENP became what it is today. In 1990 Mitterrand proposed a “European Confederation” linking all European states. In 1992 the Commission suggested a “European Political Area” which was later called “structured relationship” in 1993 by the Copenhagen Summit (Smith, 2005). Thus, the ENP developed its character through almost twenty years. The following sections will briefly review the general development.

The EU sees its partnerships with its close neighbourhood as “privileged partnerships” and aims to create “a ring of friends”. The ENP was introduced by the Prodi Commission in 2002 and offers countries close cooperation while not excluding the possibility of future membership. An important part of the close cooperation is economic integration and political cooperation (Smith, 2005). The ENP contains all elements that are included in previous agreements with non-member states (Börzel et al. 2008), meaning the EU had agreements with the countries before the ENP (prior to 2002) which are taken into account.

The origin of the ENP can be seen as attempt to respond to the long list of membership applicants and offers an alternative to membership. Prodi wanted to offer more than partnership, but less than membership. The idea of the ENP was mainly pushed by the UK as approach to the East and to tackle questions related to energy, since the countries of focus were Ukraine, Russia and Moldova. However, the Copenhagen European Council preferred to include South Mediterranean countries and later even the Caucasian republics after they lobbied for inclusion. The ENP tackles sixteen members which are marked green in figure one (Smith, 2005).



**Figure 1: ENP countries (European Commission, 2009)**

## **4.2 Technical Aid to the Commonwealth of Independent States**

The part of the ENP tackling democracy originates in 1989 when the European Parliament pushed for the inclusion of a human rights paragraph in treaties made with third parties<sup>5</sup>. The cooperation with Eastern countries after the breakdown of the Soviet Union was driven by the Community's conditional cooperation with the former Soviet countries: only in case of the re-establishment of freedom and democracy the parties could work together (Schimmelfennig, 2005). This led to the establishment of PHARE in 1992 (Poland and Hungary: Assistance for Restructuring their Economies) which was also the basis for the Central Eastern European Countries (CEEC) enlargement round in 2004 (Schimmelfennig, 2005; Directorate General for Enlargement, 2009).

In 1993 another program was introduced which was also the first step towards the ENP: Technical Aid to the Commonwealth of Independent States (TACIS<sup>6</sup>) (Schimmelfennig, 2005). With the end of the Soviet Union, the EU immediately recognized the former Soviet countries as Newly Independent States (NIS) and initiated TACIS which was the first

---

<sup>5</sup> According to Schimmelfennig (2005) the EU's democratic conditionality in the contemporary ENP as well as general working framework with third world countries has its origin not merely in the EP's demands to include democracy, but rather by several endogenous factors. One factor is the EU's democratic nature which is also the perception of the organisations' character on the international field. The legal foundation is given by article six of the Maastricht treaty which states that "the Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law."

<sup>6</sup> Council Regulation 99/2000

program to manage financial and technical assistance. The instrument was applied to a range of issues such as privatization, reform of bureaucracy, education sector, social services, transport, energy or telecommunication. In this early document the cooperation aspect is strengthened (article 2.4) which was mainly based on sharing knowledge. In case of a breach of the contract the Council included the option to reduce cooperation.

### **4.3 Political and Cooperation Agreements and Action Plans**

Considering the broad framework of TACIS, the next step was to specify the cooperation which led to the creation of nine bilateral agreements in 1999, the so-called Political and Cooperation Agreements (PCA). The aim was to further stimulate the transformation of the target countries into market economies and liberal democracies. However, the focus was on market economies rather than democratization. An integrated part of this new policy instrument was regular political dialogue, but human rights or the concept of democracy were no central topics. While the PCA was in operation it provided a main channel for communication and gave support where necessary. Building upon the PCA, action plans (AP) were developed which built on the logic of accession agreements. The most important aspect of the PCA is its validation until 2009 as the agreement was set for ten years and each agreement made after 1999 must be in line with the PCA conditions<sup>7</sup>.

The AP outline the specific short and medium term reforms and are supposed to offer real incentives by clearly stating what needs to be changed in eyes of the EU. Whether the reforms are achieved is subject to regular evaluations. The consequences of complying with reforms or showing will to change might be rewarded (Börzel et al., 2008). The main difference between the PCA and AP becomes clear when considering the notion of Schimmelfennig: the most powerful instrument the EU has when aiming at democratization is the possibility of future membership. Therefore the framework that was used for the CEEC enlargement (Copenhagen criteria) is incorporated in the ENP framework via good governance that is based on the democracy concept of the EU (i.e. rule of law, respect for human rights, etc.). The specific objects of the ENP are laid down in the AP. The detailed objectives differ for each country. In other words, the AP show the specific objectives, while the PCA forms the legal base for the ENP.

---

<sup>7</sup> When the PCA expires after ten years in 2009, the question whether it will be extended is subject to negotiations. The agreement contains the possibility of extending the agreement.



With regard to the AP there are some advantages as there are disadvantages. According to Smith (2005) it is not always quite clear whether a certain task should be carried out by the target state or the EU. Furthermore it is not always clear how the progress will be judged<sup>8</sup>. Another point stressed by Smith is the time frame in which the AP operate, meaning they usually cover three years, but it is questionable how many reforms can be achieved within three years.

#### **4.4 European Neighbourhood and Partnership Instrument**

In 2007 TACIS was detached by the simplified European Neighbourhood and Partnership Instrument (ENPI) in which all 16 members and Russia are included. The objectives are economic integration and political cooperation between the parties; promotion of sustainable development and poverty reduction. Security and border challenges shall be tackled as well. Like former frameworks the ENPI is connected to the AP and has as its main purpose to facilitate the implementation process. The ENPI clearly stresses good governance (“[...] privileged relationship [...] should build on commitments to common values, including democracy, the rule of law, good governance and respect for human rights, and to the principles of market economy, open, rule-based and fair trade, sustainable development and poverty reduction.”) as central feature of cooperation unlike TACIS. As laid down in Council Regulation 1638/2006 on the general provisions of the ENPI one goal is to prevent new dividing lines in Europe. The scope of cooperation is rather broad ranging from political dialogue to strengthening national institutions, pursuing national development efforts and supporting the UN Millennium goals. The main advantage of ENPI is a clearer separation of responsibilities between the member states and the partner state. Table one presents an overview of the instruments that led to the contemporary character of the ENP:

---

<sup>8</sup> The main explanation is the broad framework in which good governance is used as evaluation instrument.

**Table 1: Chronological development of instruments used for managing external relations**

	Concept	Instrument <sup>9</sup>	Nature
1991-2006	TACIS	Assistance	Financial framework
1997 (negotiation) 1999-2009	PCA	Political dialogue Negative conditionality	Legal framework (basis for all further agreements)
2004- (usually covering three years; developed to set priority areas for reform in course of the ENP implementation)	AP	Political dialogue Positive conditionality (increased economic integration and political cooperation)	Action framework
2007-	ENPI	Assistance, political dialogue, positive conditionality (further allocations depending on progress), negative conditionality (suspension clause)	Financial framework

<sup>9</sup> Based on good governance promotion as outlined by Börzel et al. 2008

## **5 Development of Georgia**

So far this paper presented the instruments of the ENP and the development of the policy itself. The ENP is the EU's current instrument used to deal with the direct neighbourhood. An integrated part is to offer an incentive to change towards a democratic character comparable to one established in the EU. Since this paper pays special regard to Georgia and the democratization process in the country, the following chapter will focus on the relationship between Georgia and the EU with special regard to the ENP as well as domestic development. First, early cooperation will be considered starting with the PCA in 1999. Second, the Rose Revolution presents a turning point in the EU-Georgian relationship. Third, the specific objectives of the AP for Georgia form the base for reform.

### **5.1 Early cooperation**

With the fall of the Soviet Union, Georgia had to struggle with state instability which caused a low share in the TACIS budget (Börzel et. al 2008). The main focus was put on the transformation of the economy which covered the sectors agriculture, transport, energy, privatization and financial markets (European Commission, 1998)., i.e. democracy was neglected until the implementation of the PCA in 1999 (article 1: “[...] to support Georgia's efforts to consolidate its democracy [...]"). Thus, the inclusion of democracy happened in incremental steps (Bosse, 2007).

The PCA clearly defines the objectives of the partnership which are the provision of a framework for the development of political relations, the support of transforming the government as well as the establishment of intensified harmonious economic relations. The PCA with Georgia covers 105 articles tackling political dialogue, trade in goods, provisions affecting business and investment, legislative cooperation, cooperation in matters relating to democracy and human rights, cooperation on prevention of illegal activities and the prevention and control of illegal immigration, cultural cooperation and finally financial cooperation in the field of technical assistance. A main area in the PCA covers the conditions of trade. The trade relationship is marked by the World Trade Organization's (WTO) principle of Most-Favoured Nation (MFN) and related rules (Bosse, 2007). As merely article 71 explicitly and solely refers to democracy and human rights, one might conclude that the EU hopes to achieve spill-over effects when working on many

building sites like e.g. the aforementioned areas covered by the 105 articles. Article 71 of the PCA with Georgia states:

*The Parties shall cooperate on all questions relevant to the establishment or reinforcement of democratic institutions, including those required in order to strengthen the rule of law, and the protection of human rights and fundamental freedoms according to international law and OSCE principles.*

*This cooperation shall take the form of technical assistance programmes intended to assist, inter alia, in the drafting of relevant legislation and regulations, the implementation of such legislation; the functioning of the judiciary; the role of the State in questions of justice; and the operation of the electoral system.*

*They may include training where appropriate. The Parties shall encourage contacts and exchanges between their national, regional and judicial authorities, parliamentarians, and non-governmental organisations..*

Summing up, the main focus of the PCA is put on economic integration, but emphasizes democratic values to a considerably greater extent than TACIS did. Börzel et al. (2008) conclude that the PCA works with negative conditionality as article 98 states that in case of one party considering the other party to have failed its obligation, the damaged party may take appropriate measures.

The PCA was the main framework in which cooperation took place until 2004 when the Prodi Commission introduced the ENP which was implemented in Georgia in 2006, while the PCA is still active and in line with the ENP objectives. So far the focus was on the external dimension, meaning the pure relationship. If the target country is not eager to cooperate with the EU, the relationship is not likely to be fruitful. An important change in the tone between the partners happened in 2003.

## **5.2 Rose Revolution of November 2003**

When the Soviet Union broke up, all NIS had more or less the same starting position. The question is why did Georgia fall behind and is not at the same level of development as for instance Poland or Estonia? After the break down, Georgia had to struggle with severe inner conflicts that weakened all levels of the state and especially the economy. This led to the election of Eduard Shevardnadze in 1995 who was a former Soviet minister. He tolerated the rise of corruption which had massive consequence for the economy. Shevardnadze tried to transform the economy, but very little financial resources reduced the room for maneuver on introducing successful political and economic reforms.

The biggest problem was to handle the budget deficits. It was tried to be handled via the “Washington Consensus”<sup>10</sup> aimed at moving towards a liberalized and stabilized Georgian economy which led to short time successes. However, Georgia remained sensitive to foreign shocks. The Rose Revolution symbolizes the change as the economic situation is often given as partial cause<sup>11</sup> for the people’s protest. Corruption traversed through all levels of society and formed another catalyst for the revolution<sup>12</sup> (Papava, 2006b). It was the will of the Georgian society to stop corruption, move towards a democratic society with respect for human rights and improved living conditions (Papava, 2006a).

The relationship between the EU and Georgia significantly improved with the regime change (Börzel et al, 2008). Revolutionary leader Mikheil Saakashvili was elected president in January 2004 after Shevardnadze resigned. One main aim of the United National Movement was a pro-Western course in which EU and NATO membership was aspired (Georgia, 2006). The post-revolutionary period is still marked by a high effort to reduce shadow structures and re-establish the economy. Suspects of corruption are still charged – amongst other family members of Shevardnadze. One great contribution was the inclusion in the ENP which was clearly aiming at modernizing the state of Georgia (Papava, 2006b).

### **5.3 European Neighbourhood Policy**

Saakashvili was very eager to move close to the EU and the ENP provided the necessary framework which led to the creation of the Committee on Integration in EU to oversee implementation of the AP in 2004<sup>13</sup>. The priority areas of the ENP are increasing border safety, ensuring political stability and economic welfare. The main difference between the ENP and PCA is the use of mutual AP and an efficient financial framework which is provided by the ENPI<sup>14</sup>. The AP for Georgia was negotiated between 2005 and 2006 for a

---

<sup>10</sup> The term was formed in 1989 and refers to the main economic institutions like the IMF or the World Bank that are head-quartered in Washington. It describes a package of ten neo-liberal principles that need to be implemented for developing market economies.

<sup>11</sup> Other causes are unfair elections or lacking inclusion of the citizens.

<sup>12</sup> The EU also highlight the closer cooperation with Georgia brought by the Rose Revolution in 2003 by stating: In 2003, a number of important events took place within the political and economic arena. These served to reinforce cooperation ties and progress development initiatives (European Commission, 2003:16).

<sup>13</sup> For clarification purpose: both, the PCA and the ENP use action plans as reform tool, but when referring to the AP usually the ENP AP is meant.

<sup>14</sup> Between 1992-2004 the EU provided about 450 million Euros assistance to Georgia (Open Society Georgia Foundation, 2007).

duration period of five years. An overview of the main priorities and goals is given in appendix C. Any agreement made between the EU and Georgia must be in line with the PCA that is still active until 2009 (PCA article 97). Responsible for implementation are the EU-Georgian Cooperation Council, Cooperation Committee and Parliamentary Cooperation Committee (Open Society Georgia Foundation, 2007).

“The AP focuses on:

- strengthening democracy, rule of law and human rights,
- socio-economic reform, improvement of business climate,
- economic development aid and poverty reduction,
- cooperation in the field of justice, freedom and security,
- regional cooperation, including border management,
- conflict resolution,
- cooperation on foreign and security policy including
- border management,
- energy and transport” (European Commission, 2007:7)

The following table gives an overview of the EU-Georgia cooperation starting with recognition of Georgia as NIS until the final ENP Action Plan Implementation Plan (ENP APIP):

**Table 2: Overview EU-Georgia cooperation**

Recognition of Georgia as NIS		1992
PCA	signed implemented	1996 1999
pre ENP EU – Georgia	negotiations	2003
Committee on Integration in EU to oversee implementation of AP		2004
ENP AP	negotiations approved time line	2005 2006 5 years
ENP APIP	EU and Georgian proposals	2007

Despite the close cooperation, Georgia is marked by internal political problems which cause the fragile nature of the post-Soviet state. Examples for internal problems are the death of the highly skilled Prime Minister Zurab Zhvania in February 2005, the continuous conflicts with Russia as well as South Ossetia and Abkhazia. Further the resignation of the former Minister of Defence Irakli Okruashvili in 2006 which led to a series of corruption trials which then caused protests from the public that were encountered with police force. This created disapproval with Saakashvili's leadership (Bertelsmann Stiftung, 2008a; European Commission, 2007). Summing up, the cooperation between the EU and Georgia improved after the revolution. Still, one main obstacle to successful cooperation is formed by corruption and Georgia's internal conflicts.

## 6 Operationalisation

The ENP is the EU's current main instrument used for cooperation with Georgia. Before the implementation in 2006 the relationship between EU and Georgia was based on a simple bilateral agreement (PCA). The cooperation considerably improved after the pro-Western revolution in 2003. The question this paper answers is *how effective is the European Neighbourhood Policy in triggering democratization in Georgia?*

The following section will describe the measurement of effectiveness<sup>15</sup> which will be a hybrid of the good governance criteria of the EU as main source and by criteria of an ideal democracy as outlined by Dahl and Lijphart. The expectation is to see that the ENP has a positive impact on the governmental output, meaning a pro-EU character by adapting EU legislation. The independent variable is political identity. Political identity in this sense means the nature of the government which can range from very EU-oriented to EU-animus. The dependent variable is the governmental output which is amongst others visible in the nature of laws passed (meaning reforming as suggested in the AP). The laws passed can be very much in line with the EU or not.

This case study investigates whether the influence of ENP on the independent variable considerably changes the original effect (meaning governmental output without the incentive to change as provided by the ENP). In other words, the ENP (intervening variable) is directed at the government in order to change the governmental output with the aim of changing the original status of the dependent variable. Thus, the original relationship looks at the development of Georgia before the implementation of the ENP (i.e. pre 2006). Considering the ENP being in action since 2006 there are two progress reports (Commission of the European Communities, 2008 and 2009) so far which are from 2008 and 2009 looking at the previous year. These reports will show whether the ENP has brought change to the country.

---

<sup>15</sup> For the sake of completeness the following distinction respectively definition is added: efficiency refers to the quality of doing something well with no waste of time and money, while effectiveness refers to producing a successful result that is wanted or intended. In short efficiency gives an assessment on the usage of resources compared to the result whereas effectiveness gives an assessment of the result compared to the goal.



When judging effectiveness and picking indicators one main source is the AP and its priority areas which are also in line with the priority areas receiving the highest financial support in the ENPI from 2007-2010<sup>16</sup>: first, *democratic development, rule of law, governance*; second *support for economic development*; and third *poverty reduction and social reforms*. In light of this the progress reports from 2008 and 2009 were analysed.

## 6.1 Research Methodology

The list of indicators will be a hybrid derived from good governance criteria and ideal features of democracy as outlined in the literature review. The indicators are chosen in accordance with the ENP's intervention areas outlined in the AP (2006) that relate to democracy<sup>17</sup>. The judgment of effectiveness will mainly base on improvements mentioned in the two progress reports published by the EU. This points to one main weakness of the ENP progress reports: the reports are qualitative and written in the form of an essay which leaves room for interpretation. Along with the review of the progress reports aspects were consciously picked (in line with the ENPI top categories) and categorized into *progress* or *no progress*. Considering this being a subjective evaluation, somebody else might see it differently. In order to solidify the content analysis, additional sources were used that analyse the level of democracy in Georgia. The results of the additional sources were compared to the content analysis to see whether outsiders experience Georgia's development the same way as the EU does. In addition to that the original relationship was taken into account which enables this study to test whether the ENP is effective or formulated differently brought change to the country or not.

The additional sources are the Economist Intelligence Unit<sup>18</sup> from 2006 and 2008. This analysis looks at the electoral process, pluralism, civil liberties, functioning of government, political participation and political culture. These categories are clearly in line with the polyarchal system of Dahl. The data is derived from surveys. Countries can score between 0 and 10 and are categorised in four types: *full democracies* (8-10), *flawed democracies* (6-7.9), *hybrid regimes* (4-5.9) and *authoritarian regimes* (below 4).

---

<sup>16</sup> Please compare appendix B

<sup>17</sup> In other words areas relating to security, energy, justice and home affairs or transport are excluded. I will exclude matters relating to security as this is not of interest for this research.

<sup>18</sup> In course of action the Economist Intelligence Unit is sometimes simply referred to as the Economist.

The second source is Freedom House which is compared to the ENP reports as well as the Economist. An advantage is that Freedom House captures development before 2003 and tackles good governance criteria such as independent media and local governance. Usually Freedom House judges governments according to three criteria instead of five which are free, partly free and not free which is also a main source for criticism of the data base. However, the data used distinguishes between *consolidated democracy* (1-2), *semi-consolidated* (3), *transnational government or hybrid regime* (4), *semi-consolidated authoritarian regime* (5) or *consolidated authoritarian regime* (6). In order to be considered as a country moving towards democratization, Georgia should move towards a higher grade in case of the Economist, and a lower grade in case of Freedom House.

The third source is the Bertelsmann Transformation Index (BTI). The BTI considers not merely the democracy dimension, but also political management and market economy, i.e. all areas relating to democratization considered in this paper (Bertelsmann Stiftung, 2008b). The great advantage of the BTI is that it clearly marks the development with a grade from 1 (lowest) to 10 (highest)<sup>19</sup> which makes comparing years and therefore development easier, while the EU uses rhetoric means rather than a grade. In addition to that the BTI looks at the economy as well as the state, thus considering a variety of aspects tackled by the ENP in the years 2003, 2006, 2008. The main disadvantage of the EU's evaluation system becomes clear in terms of using long, written reports instead of grades. This makes the evaluation process fuzzier and therefore open for interpretation. One possibility for interpretation is to do the subjective evaluation that was done in this paper. However, the room for interpretation is rather narrow in case of the BTI as numbers are fixed which increases validity. Therefore the BTI is the most important source next to the ENP progress reports. In a final step the results of each source will be compared with the results from the ENP reports and eventually show whether the ENP is effective.

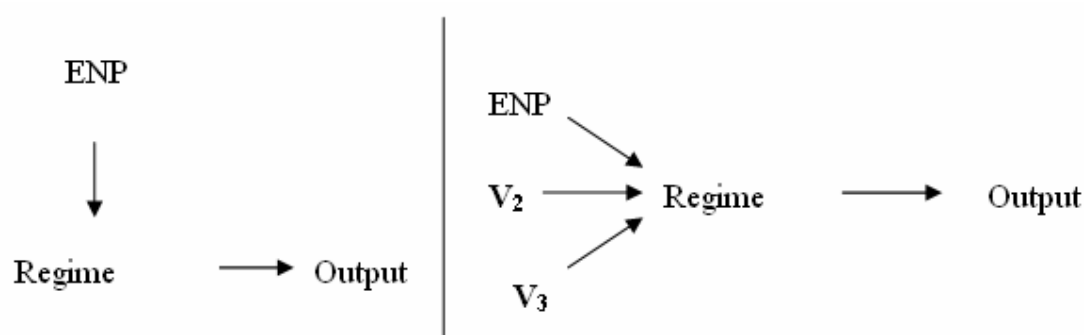
Concerning the selection of indicators there are two distinctive levels of relative weight which are high and low level indicators that vary in their expressiveness about the quality of democracy. As democratization is investigated, high level indicators are directly related to democracy, meaning the first priority area of the ENPI (democratic development, rule of law, governance). Such indicators are rule of law or civil liberties as used by the BTI or the Economist. Indicators of lower weight are related to the second priority area of the ENPI

---

<sup>19</sup> An example: A country is marked with 2 in terms of independent media, meaning the media is controlled, i.e. not free. A country is marked with 9 in the level of socioeconomic development which means that country is a developed welfare state.

(support for economic development). Indicators with a lower weight are aspects related to the economy, because they only have an indirect effect on democratization in the form of a spill-over effect as elaborated in the section on the modernization theory. In other words, democracy and economy are assumed to be correlated as examples like the Rostow model or thoughts of Lipset show, meaning that the higher the level of prosperity the more democratized a country is likely to be. However, there are also contrary examples<sup>20</sup> which make indicators related to the economy less strong than pure democracy-related aspects, but since the EU is a strong economic force the indicators do have strong weight.

There are two hypotheses in this paper: first, the ENP has the potential to trigger democratization with its overall aim of creating prosperity. The alternative hypothesis is that democratization is produced by various forces pressuring the government, such as domestic changes ( $V_2$ ) or other international players ( $V_3$ ). Figure two visualizes both hypotheses:



**Figure 2: Visualization of hypotheses**

According to Schimmelfennig and Scholtz (2008) there is a general danger when looking at the democratization potential of the ENP: there is only limited literature on this aspect. This may lead to overestimating the potential of the ENP by neglecting the influence of other variables. In order to consider this potential threat  $V_2$  and  $V_3$  are included. These variables represent other influences on the government, such as for example the Rose Revolution (leading to a domestic change) in 2003 and other influential parties in Georgia, such as NATO.

---

<sup>20</sup> Examples are oil rich countries that are wealthy, but not considered to be democratic. An example given at an earlier stage is China with its affinity towards capitalism, but lacking democratic progress.

## **7 Empirical Findings**

The paper so far has presented the development of the ENP from a bilateral agreement to a facilitated framework for the EU-Georgian partnership. The Rose Revolution in 2003 moved the EU and Georgia closer together which was caused by the regime change. The reasons for Georgia's efforts are clear: economic development and support. Amongst others Georgia still hopes to become member eventually, since the EU offers also a safeguard against Russian aggressions as does the potential membership in NATO. The EU on the other hand wants Georgia as well as other ENP countries to be kept as close friend rather than member.

An integrated part of the ENP is directed at the nature of the government. Whether the ENP has the potential to democratize Georgia shall be elaborated in the following. Thus the chapter starts with a briefly look at the development before 2006. The second part looks at the progress reports from the EU from 2008 and 2009 analyzing the previous year. The third part presents additional sources (The Economist Intelligence Unit, Freedom House and the BTI) that are compared to the EU's judgment. What will become visible is whether the intervention areas relating to democracy outlined in the AP were reformed and improved which would indicate that the ENP effectively triggered democratization. Finally, the results will be applied to the theories to see which democratization pattern is more effective, meaning whether economic development leads to democratization or the simple incentive (sectoral reforms) is sufficient.

### **7.1 Content analysis**

The reports before 2004 highlight common gaps in the Georgian development such as the spread of corruption and the lacking respect for religious minorities, lacking electoral codes and the residuals in the judicial apparatus. In their 2003 report they give an overview (see table three) of the financial help that Georgia has received. The figure is interesting to see as it is assumed that the allocation of money should correlate with the priorities of the EU. National priorities are poverty reduction, economic growth through international trade and the fight against corruption (European Commission, 2003). What becomes clear from this graph is that TACIS did receive most of the money until 2004. The European Commission for Humanitarian Aid Office (ECHO) also started to tackle areas that TACIS did not cover in the beginning, but due to an increasing number of other programs its

influence more and more sank. One explanation could be the inclusion of ECHO priorities into the TACIS framework. Remarkably, the pure initiative (i.e. European Initiative for Democracy & Human Rights) to trigger democratization started close before the Rose Revolution. The EIDHR works with non-governmental organizations (NGOs) that have the opportunity to independently monitor the legislative output of the government

**Table 3: EU Assistance to Georgia between 1992 and 2006 in million of Euros (European Commission, 2007)**

	1992 1993	1994 1995	1996 1997	1998 1999	2000 2001	2002 2003	2004	2005	2006	1992 2006
TACIS	13	10	16	16	15	14	27	0	20	131
ECHO	12	45	16	13	4	4	4	1		99
FEOGA (Food Aid)	-	41	22	-	-	-	-	-		63
Exceptional humanitarian assistance	6	-	-	-	-	-	-	-	0	6
Food Security Programme	-	-	34	12	13		12	10	10	91
Rehabilitation in conflict zones	-	-	8	4	5	-	2	2	0	21
Macro financial assistance	-	-	-	19	6	-	7		33	65
CFSP* and RRM**	-	-	-	-	2	2	5			9
European Initiative for Democracy & Human Rights	-	-	-	-	-	2	2	2	2	8
Other instruments				4			2	1	2	9
TOTAL	31	96	96	68	45	22	61	16	69	502

In its report of 2005 the Commission stressed the appreciation for the new government and its reforms that also gave way to the action plan. Georgia was able to find several financial sources with help of the Commission and the World Bank with huge success (European Commission, 2005). In other words, considering the size of the financial support, the EU significantly influenced the general development of Georgia.

The evaluation reports of the ENP published in 2008 and 2009 review the preceding years. So far there were two reports as the ENP was implemented in late 2006. Table four gives an overview of the development of the three sectors that receive most financial support from the ENPI. The results are categorized in progress and no progress depending on the subjective evaluation. At a first glance it seems that there are more shortcomings than progress. However, this is not entirely true. Georgia's progress needs to be seen in relation to the residuals in the reform sector. There are incremental steps in areas like reforming the judicial and bureaucratic apparatus. Especially the market liberation does improve well. However, concerning transparency during the election campaign in 2007 international observers did notice the compliance with general standards while not every detail was transparent. Related to this is the pending empowerment of the Ombudsman.

Table 4: Comparison progress reports 2008 and 2009

Priority	2008 report evaluating 2007		2009 report evaluating 2008	
	<i>Progress</i>	<i>No progress or still shortcomings</i>	<i>Progress</i>	<i>No Progress or still shortcomings</i>
<u>Democratic development, rule of law, governance</u>	<ul style="list-style-type: none"> <li>- Preventing torture</li> <li>- Gender equality (including domestic violence)</li> <li>- Reform of judicial system</li> <li>- Anti-corruption action plan</li> <li>- Local governance</li> </ul>	<ul style="list-style-type: none"> <li>- Independent media</li> <li>- Transparency during election</li> <li>- Respect for minorities</li> <li>- Power of ombudsman</li> <li>- Independence of justice</li> <li>- Civil service</li> <li>- Corruption</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthened position of parliamentary opposition</li> <li>- Access to justice</li> <li>- Civil service reform</li> <li>- Torture and ill treatment</li> <li>- detention conditions</li> <li>- Rights of minorities</li> </ul>	<ul style="list-style-type: none"> <li>- Independent media</li> <li>- Compliance with international standards during elections, but still serious shortcomings</li> <li>-</li> </ul>
	<ul style="list-style-type: none"> <li>- About 12% economic growth in 2007</li> <li>- broad FDI</li> <li>- strengthened financial sector</li> <li>- strengthened tax administration</li> <li>- business climate (by fighting corruption)</li> <li>- limited</li> </ul>	<ul style="list-style-type: none"> <li>- Increased inflation</li> </ul>	<ul style="list-style-type: none"> <li>- About 9% economic growth in 2008</li> <li>- Successful privatisation</li> <li>- still FDI</li> <li>- Growing trade</li> </ul>	
<u>Support for economic development</u>				
<u>Poverty reduction and social reforms</u>		<ul style="list-style-type: none"> <li>- Labour rights and rights at work</li> <li>- Social dialogue</li> <li>- Poverty reduction</li> <li>- Women participation in political life</li> </ul>	<ul style="list-style-type: none"> <li>- Poverty reduction plans</li> <li>- Social programmes for unemployed</li> </ul>	<ul style="list-style-type: none"> <li>- no concrete measures for social dialogue</li> <li>- misleading unemployment rates</li> </ul>

The independence of the media is also doubtful as example like the destruction of the independent media station Imedi show. The areas of minority rights<sup>21</sup> and gender empowerment need further attention as well. The situation of prisons is still severe due to the general congestion. The overall development suffers from corruption. The government does actively try to fight this, but still faces severe problems.

Especially for 2009 one needs to take into account the heavy contentions with Russia that had an overall impact on the economy in collaboration with the overall economic downturn, but also on the increased poverty rates compared to 2007 despite growing Gross Domestic Product (GDP). When looking back at 2008, the Commission stressed the remaining concerns about pluralism and media freedom, while also pointing out the increased power of the parliamentary opposition. One important note is the falling short of expectation of the Rose Revolution which was not as radical as desired. One indicator for this is the slow reform progress and remaining high level of corruption. However, measures are taken such as the ratification of the Council of Europe's Criminal Law Convention on Corruption and the UN Convention on Corruption and Conflict of Interest in Public Sector. Furthermore in 2008 the Ombudsman enjoyed increased power. Women and minorities still have not reached an equal level. There were improvements concerning measures against domestic violence and the ameliorated living conditions. The EU did a feasibility study on the future establishment of a deep and comprehensive free trade agreement (DCFTA). The study concluded that there is a possibility; but Georgia still has to improve along several areas, i.e. the gaps that become clear with help of the progress reports, before DCFTA can become reality.

Summing up, the progress as outlined by the reports is slow, but reforms do take place. Noteworthy is the apparent sectoral-dependency, meaning a reform seems to be more efficient in the area of market economy than democratic development, rule of law and governance which makes up a huge part of the good governance criteria used during the progress reports.

---

<sup>21</sup> 16% of Georgia's population is considered as minority (Bertelsmann Stiftung, 2008a)

## 7.2 Economist Intelligence Unit Democracy Index

The first EU-independent source to be looked at is the Economist Intelligence Unit (2008). Table five<sup>22</sup> presents Georgia's performance in the report of 2006 and 2008. As already mentioned there are four categories: full democracies (8-10), flawed democracies (6-7.9), hybrid regimes (4-5.9) and authoritarian regimes (below 4). Most notably are the extremes of Georgia's scores which range from "flawed democracy"<sup>23</sup> in terms of "Electoral process and pluralism" to "Authoritarian regime" in terms of "Functioning of government". The most drastic development has taken place in the category "Functioning of government" (1.79 to 0.79) which clearly marks Georgia as an authoritarian regime. This category also takes into account the level of corruption which is likely to explain Georgia's performance.

**Table 5: Comparison of Georgia - 2006 and 2008 (Economist Intelligence Unit, 2008)**

		Category scores					
	Rank	Overall score	I Electoral process and pluralism	II Functioning of government	III Political participation	IV Political culture	V Civil liberties
Hybrid regimes							
Economist Intelligence Unit democracy index 2006							
Kenya	101	5.08	4.33	4.29	5.56	6.25	5.00
Russia	102	5.02	7.00	3.21	5.56	3.75	5.59
Malawi	103	4.97	6.00	5.00	3.89	4.38	5.59
Georgia	104	4.90	7.92	1.79	3.33	5.00	6.47
Cambodia	105	4.77	5.58	6.07	2.78	5.00	4.41
Ethiopia	106	4.72	4.00	3.93	5.00	6.25	4.41
Burundi	107	4.51	4.42	3.29	3.89	6.25	4.71
Economist Intelligence Unit democracy index 2008							
Uganda	101	5.03	4.33	3.93	3.89	6.25	6.76
Cambodia	102	4.87	6.08	6.07	2.78	5.00	4.41
Kenya	103	4.79	3.50	4.29	5.56	5.63	5.00
Georgia	104	4.62	7.00	0.79	4.44	4.38	6.47
Ethiopia	105	4.52	3.00	3.93	5.00	6.25	4.41
Burundi	106	4.51	4.42	3.29	3.89	6.25	4.71
Russia	107	4.48	5.25	2.86	5.56	3.75	5.00

The only visible improvement is "Political participation" which could be explained by the re-election round for Saakashvili. Another aspect this category takes into account is the interest of citizens in politics which seems to be high in Georgia, since a societal revolution took place. In their analysis they point out that most Eastern European countries have experienced a decline in their scores. In order to explain the negative development the Rose Revolution is given as an example and the absence of its expected effect. The most important lesson to be learned from the Economist Intelligence Unit is that Georgia does

<sup>22</sup> I chose three above and three below Georgia in order to get an image of which countries are considered as well developed as Georgia

<sup>23</sup> Examples for countries considered to be flawed democracies: Estonia, Israel, Slovakia, Poland, Ukraine.



less well than it appears from the EU reports. While the EU (Commission of the European Communities, 2008) points out that the elections in 2006 were coherent with most international standards, the Economic Intelligence Unit clearly states that the elections were manipulated, causing a dropping score in several categories.

Summing up, the EU is less distinct about serious gaps that are very clear from the Economist's analysis. The drastic development of "Functioning of government" is mainly caused by corruption. Relating to that another interesting fact is that Georgia is sometimes referred to as one of the most corrupt countries in the world (Börzel et. al., 2008). Finally, the Economist looks at the years 2006 and 2008 in which the ENP was already active. Georgia's position did not change which is an indicator that Georgia did not develop in terms of becoming more democratic despite the progress the ENP reports outline.

### 7.3 Freedom House

In order to see Georgia's development in earlier years, especially before the Rose Revolution table six presents the judgment of Freedom House (Georgia, 2006). Usually Freedom House categorizes governments according to three ratings instead of five which are free, partly free and not free, while Georgia is considered to be partly free<sup>24</sup>. As a reminder the values in table six<sup>25</sup> refer to: democracy (1-2), semi-consolidated (3), transnational government or hybrid regime (4), semi-consolidated authoritarian regime (5) or consolidated authoritarian regime (6).

**Table 6: Freedom House rating of Georgia (Georgia, 2006)**

NIT Ratings	1997	1998	1999	2001	2002	2003	2004	2005	2006
National Governance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.50	5.50
Electoral Process	5.00	4.50	4.00	4.50	5.00	5.25	5.25	4.75	4.75
Civil Society	4.50	4.25	3.75	4.00	4.00	4.00	3.50	3.50	3.50
Independent Media	4.50	4.25	3.75	3.50	3.75	4.00	4.00	4.25	4.25
Local Governance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.00	5.75
Judicial Framework and Independence	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.00	4.75
Corruption	N/A	N/A	5.00	5.25	5.50	5.75	6.00	5.75	5.50
Democracy Rating	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.96	4.86

<sup>24</sup> Azerbaijan as another Caucasus ENP country is marked as not free

<sup>25</sup> NIT refers to Nation in Transit

There are several congruities with the results of the Economist despite the partially lacking data. Like in the aforementioned research, again Georgia is marked by extremes. While being considered as hybrid regime or transnational government in terms of civil society, the level of corruption is marked as consolidated authoritarian regime that peaks in 2004 when the negotiations for the ENP framework began and the Rose Revolution just happened. Furthermore the national governance is authoritarian as the influence of CSOs on the executive branch is reduced to a short list of matters while the real influential power is given to a small group of elitists. In addition to that Georgia does not well in terms of territory control as 15% is acting more or less independently. Concerning the electoral process, Georgia does not as bad in the 2006 elections as it did in the years of Shevardnadze (pre 2003). The overall judgment of Georgia is a semi-consolidated authoritarian regime which is also rather coherent with the analysis of the Economist (Georgia, 2006). Considering Georgia's continuance in the category of hybrid regimes in the case of the Economist and partly free in the case of Freedom House, the general observation of Georgia not significantly moving towards the character of an EU democracy is supported.

## **7.4 Bertelsmann Transformation Index**

The third source is the BTI which has several similarities with the good governance criteria used by the EU<sup>26</sup>, because criteria such as freedom of assembly, media, thought, human rights, civil rights are tackled. Rule of law is an important criterion for the BTI and the good governance as well as one fundamental trait of the EU.

The BTI looks at seven criteria for evaluating the overall performance of the market economy which are socioeconomic level (i.e. freedom of choice or being excluded from society due to poverty), market organization (e.g. liberalization of foreign trade, safeguard to prevent development of monopolies), currency and price stability (control of inflation by e.g. looking at consistency of inflation policy), private property (policies to support functioning of private sector, e.g. control of property acquisition), welfare regime (equality of opportunity, meaning governments capability to react to poverty), economic performance (growth) and sustainability (economic growth is environmentally friendly and future-oriented). The political part being also of interest for this research is evaluated on basis of five criteria which are political and social integration (communication between

---

<sup>26</sup> Please compare appendix A

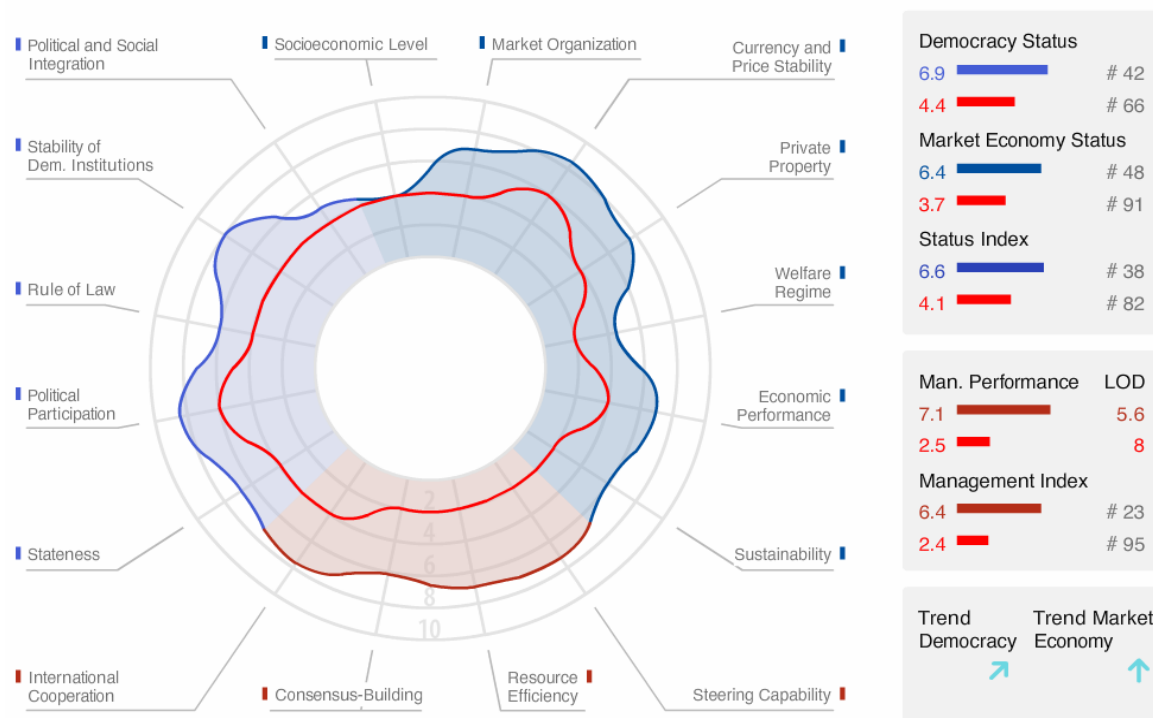
state and society), stability of democratic institutions (justice, acceptance), rule of law (check and balances, civil rights), political participation (democratic elections, representation, independence of media) and stateness (territorial control, acceptance of nation state, legitimacy of state, administrative body). Figure three provides an overview of the aforementioned indicators:



**Figure 3: Dimensions and indicators of BTI (2006) (Bertelsmann Stiftung, 2008b)**

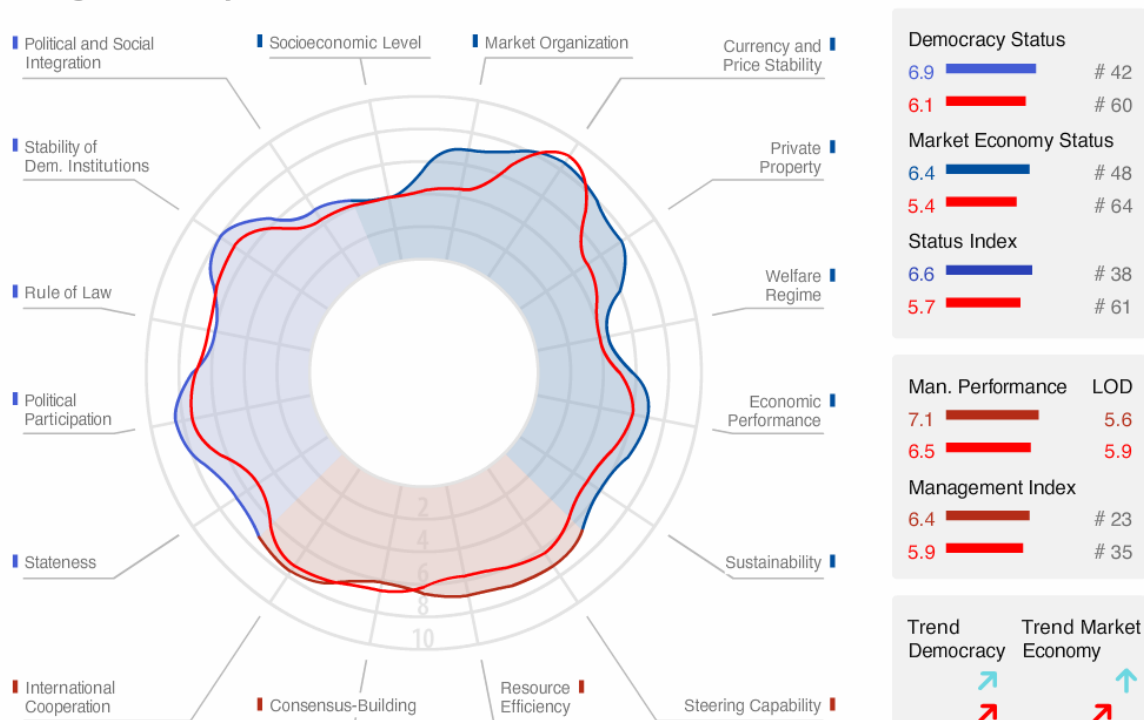
The following figures present the democracy judgment of Georgia and the market economy judgment in a visualized comparison. Figure four compares the years 2003 with 2008, figure five 2006 with 2008 whereas the figure six gives an overview of the indicators which enables the detailed comparison. The blue line presents 2008 while the red line indicates the year of study. The year of study, meaning either 2003 compared to 2008 (figure four) or 2006 compared to 2008 (figure five) is also mentioned in the headline. The overall democratic and market economy status is presented in the right part of figure. Also included is the management level which will not be considered.

## Georgia compared with 2003



**Figure 4: Comparison of Georgia's performance: 2008 (blue) and 2003 (red) (Bertelsmann Stiftung, 2008b)**

## Georgia compared with 2006



**Figure 5: Comparison of Georgia's performance: 2008 (blue) and 2006 (red) (Bertelsmann Stiftung, 2008b)**

Georgia was able to improve its position from 4.4 in 2003, to 6.1 in 2006 and reached 6.9 in 2008 which means a major improvement, since an improvement higher than 1 indicates this. Thus, Georgia developed from a highly defective democracy to a defective democracy which is an impressive development. This is not coherent with the results derived from Freedom House and the Economist. What becomes clear from 2003 comparison to the recent 2008 result is that Georgia considerably developed well in all areas except for the socioeconomic level. The most important weakness is no development since 2003 on the socioeconomic level which is coherent with the subjective evaluation of the progress reports of 2008 and 2009 that mention lacking development in this field as well. This means that social exclusion and poverty are sticky obstacles which are to be tackled via poverty reduction plans according to the ENP report of 2009. In 2003 Georgia's overall economic performance was marked with 3.7, while in 2008 Georgia clearly improved to 6.4 which marks Georgia a functioning economy with flaws. This rather broad judgment is in line with the EU's judgment. Broadly speaking: since 2003 Georgia did develop well. However in order to see whether the ENP stays in relation to this development it is more interesting to look at the detailed performance which gives a clear image of Georgia's improvements and weaknesses. It might even be possible to link the developments to the ENP action framework.

Transformation Atlas 2006		Transformation Atlas 2008		Bertelsmann Stiftung	
The Democracy Status describes where a country stands on its way to democracy. It is composed of 5 criteria evaluated on a 1-10 scale.		The Democracy Status describes where a country stands on its way to democracy. It is composed of 5 criteria evaluated on a 1-10 scale.		The Democracy Status describes where a country stands on its way to democracy. It is composed of 5 criteria evaluated on a 1-10 scale.	
Results for Georgia are:		Results for Georgia are:		Results for Georgia are:	
■ Stateness	5.3	■ Socioeconomic Level	4.0	■ Socioeconomic Level	4.0
■ Political Participation	7.5	■ Market Organization	4.5	■ Market Organization	7.0
■ Rule of Law	6.5	■ Currency and Price Stability	9.0	■ Currency and Price Stability	8.5
■ Stability of Dem. Institutions	7.0	■ Private Property	5.0	■ Private Property	7.5
■ Political and Social Integration	4.3	■ Welfare Regime	4.0	■ Welfare Regime	4.5
		■ Economic Performance	6.0	■ Economic Performance	7.0
		■ Sustainability	5.0	■ Sustainability	6.0
<b>Democracy Status</b>	<b>6.1</b>	<b>Market Economy Status</b>	<b>5.4</b>	<b>Democracy Status</b>	<b>6.9</b>
				<b>Market Economy Status</b>	<b>6.4</b>
6.1 places Georgia in category:		5.4 places Georgia in category:		6.9 places Georgia in category:	
Democracies	20	Viable or functioning	12	Democracies	23
■ Defective democracies	42	■ With functional flaws	47	■ Defective democracies	41
Highly defective democracies	9	Poorly functioning	39	Highly defective democracies	11
				■ With functional flaws	49
				Poorly functioning	41

**Figure 6: Detailed comparison of Georgia's performance in 2006 and 2008 (Bertelsmann Stiftung, 2008b)**

When looking at the detailed comparison of 2006 and 2008 it becomes clear that Georgia did well as there is only positive development in each area except for the socioeconomic level which stayed the same, a small fall in currency and price stability (-0.5), and the negative development in terms of rule of law (-0.5 in 2008 compared to 2006). The most significant development is noted for market organization (+2.5) which is likely to be

caused by the ENP that is marked by clear rules and is in line with the observation made by the other two sources, as market economy apparently improves easier than the other areas. The detailed comparison of the democratic status reveals a similar positive trend. The most considerable development was noted in stateness<sup>27</sup> (+1.5), stability of democratic institutions (+1.0) and political participation (+1.0) which is neither confirmed by the EU nor the other two sources. However, the rule of law indicates a negative development (-0.5) which again is in line with the Economist.

An outcome of the comparison of sources is that the indicator selection has a huge influence on the overall score or judgment. To illustrate this, an example: an aspect derived from the Economist is the distrust in the country and the power relations. This is not supported by the results from the BTI in terms of stability of democratic institutions, since there is a +1.0 progress noted between 2006 and 2008 and the overall high score of 8. The reports from the EU are not clear about this aspect. On the other hand, the BTI stresses the improvement of Georgia in terms of fighting corruption and transforming the state which is more in line with the EU's evaluation reports.

## **7.5 Linking with theories**

Linking the results with theories makes it possible to see whether common patterns become visible in the results. In order to see whether the modernization theory or the model outlined by Schimmelfennig applies also gives an answer to whether the new facilitated framework of the ENP is too sophisticated and merely economic cooperation would be a sufficient catalyst to democratization.

What became clear from all considered sources is that the economy is the most progressive sector. The modernization theory states that a society reaching a certain level of wealth, education, technology and individuals with political and social skills will move towards democracy. In the case of Georgia the society moved towards democracy (Rose Revolution), while the economy started to improve with the adaptation of EU legislation. This indicates democratization and transformation of the economy are two separate processes. The attitude change of the government triggered by the Rose Revolution contributed to the EU-Georgian relationship which in turn contributed to a positive attitude to the EU facilitating the adaptation process. While the economy improved over the last

---

<sup>27</sup> This is a surprising result considering the disputes about South Ossetia, but can be explained by the results looking at the previous year, meaning 2007. Thus, the result is likely to change in the next year.

decade, Georgia's overall rating improved as well, meaning the modernization theory does apply. In other words, the EU does positively contribute to democratization in Georgia by reforming the market economy which would not have been possible without the Rose Revolution.

The external incentive model of Schimmelfennig states that internal change can be successfully driven by external incentives if a few conditions are met: first, the conditions are set which is done via the AP; second, the rewards are certain which is true, as close cooperation is promised while future membership is not debarred; third, credibility is taken seriously which is the case, since Georgia can be sure of EU's cooperation as long as they comply with EU standards; fourth, compliance costs are small which is apparently the case as being a close partner to the EU is a sufficient stimuli for change and finally a few number of other interest groups which is not straightforward as it was not investigated.

Georgia hopes for EU membership, but is offered merely close cooperation so far. In other words, the EU does not use its strongest reward. So far even the incentive of close cooperation was enough for Georgia to apply EU-rules. This is on the one hand explained by Russia's aggressions, but on the other hand also explains the happening of the Rose Revolution that changed the government towards a pro-Western government. In other words, considering Georgia's will to change the incentive to move towards democracy used by the EU is sufficient, although though there are still severe gaps which mark Georgia a flawed democracy.

## 8 Conclusion

This research was conducted in two steps: a descriptive part looking at the development of the EU's foreign policy instruments and the EU-Georgian relationship. The analysis was done by looking at the democratic and economic development by using two EU ENP progress reports and three alternative sources. The expectation was that the EU positively contributes to democratization in Georgia which is does indeed as economic integration is the greatest stimulus and via economic integration the EU is able to push for the reform of governance sectors.

The ENP should be seen as an alternative to membership. What becomes clear from the evaluation process is that the ENP is among others based on the Copenhagen criteria which have been used to transform the CEEC and prepare them for membership. This familiar and successful principle is integrated in the ENP and transforms Georgia. Georgia is still very eager to please the EU and despite the ENP it still has great membership aspirations. Whether the ENP is seen as an alternative to membership by the ENP countries remains to be tested.

However, the question of this paper was *how effective is the ENP in triggering democratization in Georgia?* The answer is that the EU can trigger democratization mainly through binding certain conditions to economic integration which is the strongest incentive. Economic cooperation started with the PCA and later democratic values were connected to it. The ENP is the current framework in which economic integration and democratic development are facilitated and approached via AP. Two years after the implementation of the ENP in Georgia the gaps in the democratic field are still sticky obstacles<sup>28</sup> and improvements are likely to be caused by spill-over effects from the continuously improving economy<sup>29</sup>. Nevertheless, the gaps have become smaller although it remains questionable whether this is solely caused by the ENP.

Clearly, the ENP offers a framework of opportunities that Georgia is willing to take, but the main focus is put on the economy. The democratic conditions added by the ENP that were neglected by the PCA are not as strong as the economic conditions. Also, the punishment by the EU concerning sticky obstacles like the remaining high levels of

---

<sup>28</sup> e.g. corruption, independence of media

<sup>29</sup> neglecting the current international economic downturn



corruption is not strong which becomes clear looking into in the fuzzy progress reports. But again this supports the hypothesis that economic incentives are taken more seriously than democratic ones. This conclusion is supported by the Rose Revolution that took place without the EU publishing an AP for, meaning it was an endogenous development without external intervention. The Rose Revolution may not have been as effective as hoped, but still contributed to the pro democratic movement without which the EU-Georgian relationship and therewith the potential influence on the government is likely to have been smaller.

Summing up, the ENP does positively contribute to democratization in Georgia by economic means, but fails to significantly trigger the process. This study has its limits. First, it is a case study and the only countries it might be comparable to are Azerbaijan and Armenia as other South Caucasus countries. Second, to conclude that the ENP is falling short of expectations in terms of democratization is a harsh judgment considering it to be in place since just two years. On the other hand there were agreements directed at democratic sectors before the ENP. What became clear is that without the domestic change (i.e. Rose Revolution) Georgia would be likely to have made less progress. A follow-up study could be conducted in two years to see whether the trend is still going towards democracy.

## References

### *Articles*

- Bosse, G. (2007). Values in the EU's Neighbourhood Policy: Political Rhetoric or Reflection of a Coherent Policy?. *European Political Economy Review*, 7(1), 38-62.
- Börzel, T.A., Pamuk, Y. & Stahn, A. (2008). The European Union and the Promotion of Good Governance in its Near Abroad. SFB-Governance Working Paper Series (18). Retrieved March 2nd, 2009 from [http://www.sfb-governance.de/publikationen/sfbgov\\_wp/wp18/SFB-Governance\\_Working\\_Paper\\_Nr18.pdf](http://www.sfb-governance.de/publikationen/sfbgov_wp/wp18/SFB-Governance_Working_Paper_Nr18.pdf)
- Conzelmann, T. (2003). Auf der Suche nach einem Phänomen: Was bedeutet Good Governance in der europäischen Entwicklungspolitik?. *Nord Süd aktuell*, 17(3), 468-477
- Lipset, S.M. (1959). Some Social Requisites of Democracy: Economic Development and Political Legitimacy. *The American Political Science Review*, 53(1), 69-105
- Papava, V. (2006a). The Political Economy of Georgia's Rose Revolution. *Orbis*, 50(4), 657-667
- Papava, V. (2006b). Becoming European Georgia's Strategy for Joining the EU. *Problems of Post-Communism*, 53(1), 26-32
- Schimmelfennig, F. (2005). EUSA Ninth Biennial International Conference: Political Conditionality and its Impact on Democracy in Non-Candidate Neighbouring Countries. Mannheim, Germany: Mannheim Centre for European Social Research
- Schimmelfennig, F. (2008). EU political accession conditionality after the 2004 enlargement: consistency and effectiveness. *Journal of European Public Policy*, 15(6), 918-937
- Schimmelfennig, F. & Scholtz, H. (2008). EU Democracy Promotion in the European Neighbourhood: Political Conditionality, Economic Development and Transnational Exchange. *European Union Politics*, 9(2), 187-215

Smith, Karen. (2005). The outsiders: the European neighbourhood policy. *International Affairs*, 81(4), 757-773

### ***Books***

Bernhagen, P. (2009). Democracy, Business, and the Economy. In C.W. Haerpfer, P. Bernhagen, R.F. Inglehaert & C. Welzel. *Democratization*. New York: Oxford University Press.

Binns, T. (2008). Dualistic and unilinear concepts of development. In V. Desai & R.B. Potter (2). *The Companion to Development Studies*. London: Hodder Education.

Curtin, D.M. & Wessel, R.A. (2005). *Good Governance and the European Union: reflections on concepts, institutions and substance*. Antwerp: Intersential.

Dahl, R.A. (2000). *On Democracy*. New Haven: Yale University Press.

Dahl, R.A. (2006). *A Preface to Democratic Theory*. Chicago: The University of Chicago Press.

Lijphart, A. (1999). *Patterns of Democracy*. New Haven: Yale University Press

Newton, K. & van Deth, J.W. (2005). *Foundations of Comparative Politics*. Cambridge: Cambridge University Press.

Schimmelfennig, F. & Sedelmeier, U. (eds) (2005). *The Europeanization of Central and Eastern Europe*. New York: Cornell University Press.

### ***Other***

Bertelsmann Stiftung. (2008a). *BTI 2008 – Georgia Country Report*. Gütersloh: Bertelsmann Stiftung 2007

Bertelsmann Stiftung. (2008b). *Bertelsmann Transformation Index (BTA 2008)* [Software]. Available from <http://www.bertelsmann-transformation-index.de/atlas.0.html>

Commission of the European Communities. (2003). *Wider Europe— Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours* (COM(2003) 104 final). Brussels: European Commission

Commission of the European Communities. (2008). *Implementation of the European Neighbourhood Policy in 2007 – Progress Report Georgia* (SEC(2008) 393). Brussels: European Commission

- Commission of the European Communities. (2009). Implementation of the European Neighbourhood Policy in 2008 – Progress Report Georgia (SEC(2009) 513/2). Brussels: European Commission
- Directorate General for Enlargement. Phare. In Financial Assistance. Retrieved May 2<sup>nd</sup>, 2009 from [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/phare/index\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/phare/index_en.htm)
- Economist Intelligence Unit. (2008). The Economist Intelligence Unit's Index of Democracy 2008. The Economist. Retrieved from <http://graphics.eiu.com/PDF/Democracy%20Index%202008.pdf>
- European Commission. (1998). Mid Term Evaluation of Tacis Activities in Georgia Evaluation Report (ref. 951416). Brussels: European Commission.
- European Commission. (2003). Cooperation Report: Georgia 2003. Brussels: European Commission
- European Commission. (2005). Cooperation Report: Georgia 2005. Brussels: European Commission
- European Commission. (2007). Cooperation Report: Georgia 2007. Brussels: European Commission
- European Commission. (2009). [Graph illustration members of European Neighbourhood Policy]. European Neighbourhood Policy. Retrieved from [http://ec.europa.eu/world/enp/index\\_en.htm](http://ec.europa.eu/world/enp/index_en.htm)
- Open Society Georgia Foundation. (2007). Georgia and the European Neighbourhood - Policy Perspectives and Challenges (8). Tbilisi: Open Society Georgia Foundation
- Georgia. (2006). Freedom House, Inc. Retrieved May 16, 2009 from <http://www.freedomhouse.org/template.cfm?nit=402&page=47&year=2006>
- PCA. (1999). Partnership and Cooperation Agreements between the European Communities and their Member States, of the one part, and Georgia, of the other part (L 205/3). Brussels: Official Journal of the European Communities

## Abbreviations

AP	Action Plan
BTI	Bertelsmann Transformation Index
CEEC	Central Eastern European Countries
CSO	Civil Society Organization
DCFTA	Deep and Comprehensive Free Trade Agreement
DG	Directorate General
ECHO	European Commission for Humanitarian Aid Office
EIDHR	European Initiative for democracy & Human Rights
ENP	European Neighbourhood Policy
ENP AP	European Neighbourhood Policy Action Plan
ENP APIP	European Neighbourhood Policy Action Plan Implementation Plan
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
GDP	Gross Domestic Product
IMF	International Monetary Fund
MFN	Most-favored Nation
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
NIS	Newly Independent States
NIT	Nation In Transit
PCA	Political and Cooperation Agreement
PHARE	Poland and Hungary: Assistance for Restructuring their Economies
TACIS	Technical Aid to the Commonwealth of Independent States
WTO	World Trade Organization

## Appendix A: Good Governance criteria by the DG External Relations (2007)

<i>Democratic practice, respect of human rights and fundamental freedoms, and the rule of law</i>		
Detention and prison conditions;	Checks and balances among the legislative, executive and judicial powers;	
Freedom of association (including development and strengthening of civil society); freedom of assembly;	Rights of refugees, asylum seekers and migrants;	
Freedom of the media and freedom of expression, including access to internet;	Administrative reform, including decentralisation and local government reform;	
Freedom of thought, conscience and religion;	Conduct of elections in line with international standards for genuine, democratic elections;	
Legislative framework on private data protection;	Pluralist participation in the political process;	
Fight against discrimination, intolerance, racism and xenophobia;	Legislation on political parties (e.g., right to establishment, financial support).	
Women's rights; children's rights;	Civilian control of the military; - facilitation of the development and strengthening of civil society.	
Ensure international justice through the International Criminal Court;	Respect of human rights and fundamental freedoms	
Rights of disabled people;	Abolition of the death penalty;	
Core labour rights; minority rights;	Prevention of torture and other forms of ill-treatment;	
Social rights, including the right to social protection, right to health and the right to education;	Independence, impartiality and administrative capacity of the judiciary;	
Cultural rights;	Rule of law	
Right to development;	Cooperation in international human rights	
Transparency and accountability of institutions;	Access to justice for citizens;	
Adherence to and effective implementation of the core international human rights conventions and their optional protocols;	Consistency and predictability of judicial decisions;	
Cooperation with international human rights mechanisms and implementation of relevant recommendations;	Effective implementation of judgments, especially ECHR judgments (for Eastern parties only);	
Establishment of effective national human rights institutions;	Fight against corruption;	
Training on human rights (judiciary, civil servants, law enforcement officials, NGOs);	Fight against impunity	
<i>Other governance-related issues</i>		
Environmental governance (including access to information; public consultation and participation in decision making); sustainable management of natural resources.	Fight against terrorism and organised crime, judicial and police cooperation with Member States;	
Fight against trafficking in human beings;	Procedures relating to asylum seekers and refugees;	
Protection of personal data.	Economic, regulatory and social governance	
Transparency in the management and control of public finances;	Transparency and predictability of the regulatory environment;	
Independence of regulatory authorities;	Rationalisation and simplification of administrative and legal procedures;	
Transparency in privatisation and public procurement;	Antitrust legislation, non-discrimination and transparency in the field of state aids;	
Governance in human security and migration issues	Combating customs fraud and corruption;	
Financial services supervision;	Access to basic social services;	
Access to information;		

## Appendix B: Overview budget allocation of the ENPI 2007-2010 (European Commission, 2007)

Priority Areas	M€	%
Support for democratic development, rule of law and Governance	31.5	26%
Support for economic development and ENP AP Implementation	31.5	26%
Poverty reduction and social reforms	38.4	32%
Support for peaceful settlement of Georgia's internal conflicts	19.0	16%
<b>Total indicative ENPI allocation 2007-10</b>	<b>120.4</b>	<b>100%</b>

## Appendix C: Overview main priorities and goals of the Georgia AP

### Main priorities and goals

Assistance provided under this National Indicative Programme for Georgia focuses on four priority areas:

*Priority Area 1: Support for democratic development, rule of law and governance*

Sub-priority 1.1: Democracy, human rights, civil society development

Sub-priority 1.2: Rule of law and judicial reform

Sub-priority 1.3: Good governance, public finance reform and administrative capacity building

*Priority Area 2: Support for economic development and ENP AP implementation*

Sub-priority 2.1: Promoting external trade and improving the investment climate

Sub-priority 2.2: Supporting PCA/ENP AP implementation and regulatory reforms

Sub-Priority 2.3: Education, including vocational education, science and people-to-people contacts/exchanges

*Priority Area 3: Support for poverty reduction and social reforms*

Sub-priority 3.1: Strengthening social reforms in health and social protection

Sub-priority 3.2: Rural and regional development

*Priority Area 4: Support for peaceful settlement of Georgia's internal conflicts*