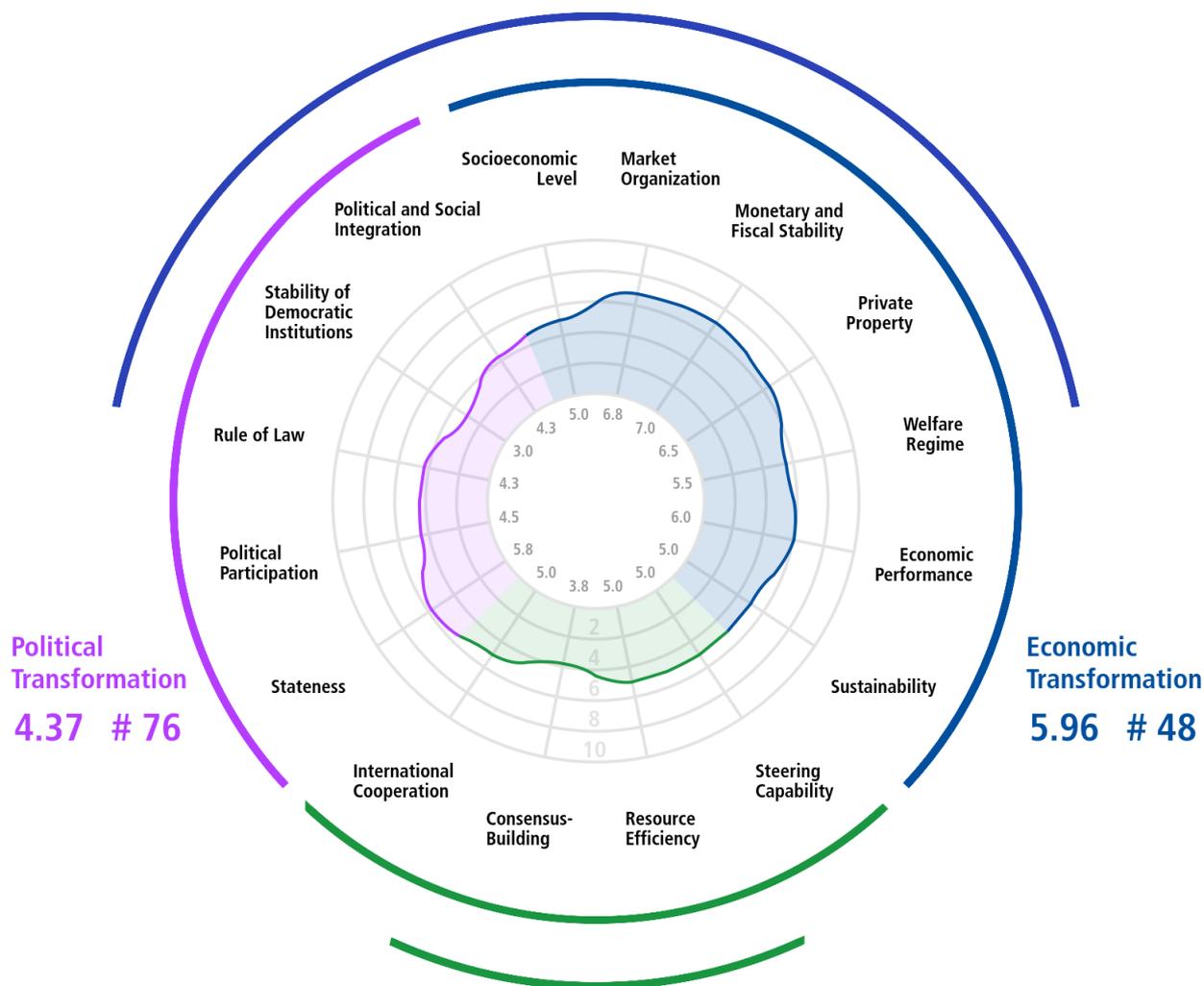


Georgia

Status Index

5.17 # 65

on 1-10 scale out of 137



Political Transformation
4.37 # 76

Economic Transformation
5.96 # 48

Governance Index

4.21 # 87

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	3.7	HDI	0.844	GDP p.c., PPP \$	28418
Pop. growth ¹	% p.a.	-1.1	HDI rank of 193	57	Gini Index	33.9
Life expectancy	years	74.5	UN Education Index	0.889	Poverty ³	% 15.0
Urban population	%	61.2	Gender inequality ²	0.257	Aid per capita \$	98.3

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Between 2023 and 2025, Georgia’s democratic and economic trajectory faced significant challenges, marked by increasing authoritarianism, democratic backsliding and shifting foreign policy priorities. The ruling Georgian Dream (GD) party consolidated its power, sidelined opposition forces and weakened democratic institutions, while economic policies became increasingly influenced by closer ties with Russia and China. These developments eroded Georgia’s standing as a committed partner in European integration and raised concerns about the country’s long-term political and economic stability.

A defining moment in Georgia’s democratic decline was the introduction of the controversial “foreign agent” law in March 2023, which targeted non-governmental organizations (NGOs) and independent media receiving foreign funding. Though initially withdrawn following widespread protests, the law was reintroduced and passed in May 2024, leading to an intensified crackdown on civil society. These measures, along with the suppression of opposition figures and media outlets, severely restricted political pluralism.

The October 2024 parliamentary elections were marred by allegations of fraud, further eroding public trust in the electoral process. This was followed by GD’s unilateral decision in November 2024 to suspend European Union (EU) accession talks, nominally until 2028, triggering mass protests. The government’s heavy-handed response – including the detention of opposition leaders and suppression of independent journalism – reinforced concerns about democratic erosion. Georgia’s withdrawal from active participation in the Parliamentary Assembly of the Council of Europe (PACE) in January 2025 further signaled its departure from democratic norms.

Georgia’s foreign policy shifted away from its traditional pro-Western orientation, with GD adopting a more ambiguous stance toward Russia. While formal diplomatic relations with Moscow were not restored, economic ties expanded significantly, including increased trade and energy cooperation. This shift, coupled with nationalist rhetoric, alienated Western partners and fueled domestic opposition.

Relations with Ukraine and Moldova deteriorated due to Georgia's perceived reluctance to fully support Ukraine in its war against Russian aggression. Conversely, economic and diplomatic ties with China deepened, particularly in infrastructure projects such as the Anaklia Deep Sea Port. While Georgia continued to engage in regional economic initiatives, its commitment to broader European integration weakened, undermining its credibility as a stable regional partner.

Georgia's economic growth remained stable, though increasingly reliant on external partners such as Russia and China. While foreign direct investment from the West declined due to political uncertainty, new investments flowed from Eastern partners. However, concerns over transparency and governance in these deals raised questions about long-term sustainability.

Domestically, GD maintained macroeconomic stability but failed to implement significant market reforms. Corruption allegations in key infrastructure projects and a lack of judicial independence deterred Western investors. Additionally, restrictions on civil society limited economic freedoms and further damaged Georgia's investment climate.

From 2023 to 2025, Georgia experienced significant democratic regression and economic realignment. The GD government's authoritarian consolidation, suspension of EU integration efforts, and increasing reliance on Russia and China marked a clear shift in the country's trajectory. While economic growth continued, governance challenges and weakened democratic institutions cast doubt on Georgia's long-term prospects as a stable democracy and market economy.

History and Characteristics of Transformation

Georgia's political and economic transformation, which began in 1989, has been marked by civil war, territorial conflicts and severe economic downturns. In October 1990, the first free elections for Georgia's Supreme Soviet brought to power a diverse national movement led by dissident Zviad Gamsakhurdia. Following a referendum on March 30, 1991, this movement declared Georgia's independence from the Soviet Union on April 9, 1991. Despite a resounding victory in the May 1991 presidential elections, Gamsakhurdia struggled to establish firm control and was eventually ousted in a violent coup d'état in the winter of 1991 – 1992, accompanied by separatist conflicts in South Ossetia and Abkhazia.

Subsequently, the insurgents invited former Georgian communist leader and Soviet foreign minister Eduard Shevardnadze to lead an interim government. He successfully neutralized criminal military groups and secured international recognition of Georgia's independence. The introduction of a new constitution and currency as well as parliamentary elections in 1995 helped stabilize the fragile state. However, the parliament remained weak, intraelite competition and corruption flourished, and the ruling Citizens' Union of Georgia party clung to power through rigged parliamentary and presidential elections in 1999 and 2000.

A group of young reformers, including Mikheil Saakashvili, Zurab Zhvania and Nino Burjanadze, broke from the ruling party to form new opposition parties. In November 2003, they led popular protests against rigged parliamentary elections, ultimately resulting in Shevardnadze's resignation. This historic uprising – known as the Rose Revolution – was fueled by a network of NGOs, a youth movement and the independent TV station Rustavi 2.

In the January 2004 presidential elections, the charismatic Saakashvili secured an overwhelming victory with 96% of the popular vote. The three leaders merged their parties into the United National Movement (UNM), which went on to win over two-thirds of the seats in the March 2004 repeat parliamentary elections. This majority enabled them to implement far-reaching structural reforms, which yielded notable results. However, these achievements were marred by significant shortcomings in checks and balances within the parliament, judiciary and media, which led to serious human rights violations.

After the brutal suppression of widespread protests and the closure of the critical Imedi TV station during a state of emergency declared in November 2007, Saakashvili restored democratic legitimacy through early presidential and parliamentary elections held in 2008. Subsequently, Georgia faced challenges such as sluggish economic growth, the global financial crisis and a deteriorating investment climate following the Georgian-Russian war over South Ossetia in 2008. The country's stability largely relied on international assistance.

In the competitive parliamentary elections of October 2012, Georgia saw its first democratic transfer of power. The ruling UNM conceded to the Georgian Dream (GD) party, led by billionaire Bidzina Ivanishvili. This led to a year of tense cohabitation between President Saakashvili and Prime Minister Ivanishvili. On October 27, 2013, GD candidate Giorgi Margvelashvili was elected president. With his inauguration, constitutional changes took effect, shifting Georgia from a presidential to a mixed system with significantly reduced presidential powers. Shortly after this transition, Ivanishvili voluntarily stepped down. The GD-dominated parliament then confirmed Irakli Garibashvili (2013 – 2015) as prime minister, followed by Giorgi Kvirikashvili (2015 – 2018), Mamuka Bakhhtadze (2018 – 2019), Giorgi Gakharia (2019 – 2021) and, again, Irakli Garibashvili. These changes underscored that the true locus of power resided not with the prime minister, but behind the scenes with Ivanishvili.

By the 2016 parliamentary elections, nearly all former coalition parties had left the ruling bloc. Consequently, GD solidified its position as the ruling party and secured a constitutional majority. The government's arrest of former ministers and prominent UNM leaders on charges of human rights violations drew international condemnation for perceived selective justice. Additionally, the former ruling party adapted to its loss of power and became the primary opposition force in parliament, later dividing into the UNM and European Georgia parties. The Alliance for Georgia, as the third opposition party, crossed the 5% threshold.

Aside from the Georgian-Russian war in 2008, the most notable foreign policy development was the implementation of the EU-Georgia Association Agreement on July 1, 2016. This agreement required substantial reform commitments from Georgia in exchange for visa regulation liberalization and access to the European Union's internal market through the Deep and

Comprehensive Free Trade Area (DCFTA). At the same time, the reintegration of the breakaway regions of Abkhazia and South Ossetia increasingly depended on the Russian Federation, which maintained military bases and implemented a “borderization” strategy involving wired borders between the occupied territories and Georgia proper. The Geneva negotiations regarding their status are currently at a standstill.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Georgia’s territorial disputes with Abkhazia and South Ossetia remain unresolved, with Russia providing military and political support to these breakaway regions, which are not internationally recognized. The European Court of Human Rights ruled in 2021 that Russia, which held “effective control” of the occupied territories, had violated several human rights during and after the 2008 war. Russia has further solidified its presence with strategic alliances and military deployments.

The Geneva Talks, the primary forum for addressing the conflict, have been suspended since Russia’s full-scale invasion of Ukraine in 2022, with both separatist regions aligning with Russia. Despite the European Union’s Non-Recognition and Engagement Policy (NREP) for these territories, violence, borderization and arrests continue, with little intervention from international bodies such as the EU Monitoring Mission and the OSCE.

Domestically, since 2023, the ruling Georgian Dream party (GD) has faced accusations of using criminal groups known as “Titushki” to target protesters and political opponents. Despite evidence of violence, investigations into the issue have not taken place – signaling the government’s disregard for the constitution and rule of law. These developments highlight the precarious state of Georgia’s internal politics and its unresolved territorial issues.

Naturalization for Georgian citizenship is possible after five years of residence or significant investment, with a focus on substantial contributions to the state. However, ethnic identity, shaped by Soviet nationality policies, has fostered strong sentiments of ethnic entitlement among the ethnic Georgian majority, which the ruling Georgian Dream (GD) party has used to its advantage. Since April 2023, a protest movement advocating for a civic “demos” of equal citizens as outlined in the constitution has challenged this sentiment.

Question
Score

Monopoly on the
use of force

5

'06 '26 10



1

State identity

6

'06 '26 10



1

The GD's 2021 Civic Equality and Integration Strategy, aimed at promoting Georgian citizenship in separatist regions such as Abkhazia and South Ossetia, focused mainly on language learning and education integration but had little impact. The 2014 Anti-Discrimination Law, lacking proper enforcement, was further undermined by the GD's shift toward autocratic policies and national values, particularly with the adoption of an anti-LGBTQ+ law in October 2024.

Georgia's persistent structural socioeconomic inequalities, especially in areas with large ethnic minority populations, hinder access to quality education and political representation. Additionally, the GD has labeled political opposition, civil society organizations and active citizens opposing democratic backsliding as "foreign agents" – creating further obstacles to effective civic integration.

In Georgia, 83% of the population are members of the Georgian Orthodox Church (GOC), which is one of the most trusted institutions in the country. Ilia II, who has served as Catholicos-Patriarch of All Georgia since 1977, is the most respected person in the country. Since the conclusion of a concordat between President Shevardnadze and Patriarch Ilia II in 2002, the GOC has held a privileged position close to that of a state church – a status that reflects its immense influence in society as the defender of national values. The GOC receives legal privileges, including some related to the tax code, the budget and state property, in addition to institutional privileges compared with other religious groups.

Over the past decade, the GOC Patriarchate has emerged as an active political player, shifting its focus from the spiritual well-being of believers to consolidating its economic standing and political influence. To secure popular support amid diminishing regime legitimacy, the authorities have begun sharing power and material resources with the GOC. As one of the country's least transparent institutions, it appears that numerous clergymen play a role in Russia's soft power strategy in Georgia.

Traditionally, the GOC has supported the ruling GD party during elections, but in September 2024, it declined Ivanishvili's campaign proposition to give it the constitutional status of a national church, which would have made it a subject of another branch of power. Surprisingly, during the continued protests, there has been a noticeable change, with some clergy condemning GD's excessive use of force against protesters late in 2024.

As a matter of principle, the GOC resisted adopting an anti-discrimination law in 2015 as a requirement for visa liberalization with the European Union. It continues to oppose LGBTQ+ rights.

No interference of religious dogmas

6



1

Bidzina Ivanishvili's GD gained control of a functioning state administration with one-stop civil service centers providing basic services to citizens in most municipal cities of the country. However, contrary to initial plans, no real de-politicization of the state administration has occurred since 2012. As a result, de-oligarchization of the state is one of the European Union's recommendations.

Watchdog organizations detected increasingly frequent cases of mismanagement, nepotism and corruption in basic administrative services at the local level. Staff are hired not based on qualifications but on loyalty to the ruling GD party. "Administrative resources" – that is, staffers from the administration – were used to a significant degree for the purposes of political manipulation before, during and after the parliamentary elections of October 2024.

This has affected access to essential infrastructure. Between 2013 and 2022, the share of the population with access to at least basic sanitation declined slightly from 87.3% to 86.3%, while the share with access to safely managed sanitation dropped more significantly from 31.6% to 24.1%. On the other hand, there was a slight increase in the share with access to a basic water source, from 93.9% to 95%, and the share with access to a safely managed water source, from 66.9% to 69.1%. Access to electricity was universal, with the share reaching 100%. Nevertheless, a significant urban-rural divide remains, with remote mountain regions and villages receiving much less support.

There is a great need for reform in the local health and education sectors and in the transport and communications infrastructure in order to stop the migration of the population to the two urban centers – Tbilisi and Batumi – where demand for a qualified workforce is concentrated, or even abroad.

2 | Political Participation

Since 1990, Georgia has held 33 elections, all formally multiparty, but the ruling party has enjoyed an unfair advantage. The 2012 parliamentary elections marked the first legitimate transfer of power, with President Mikheil Saakashvili conceding defeat to Georgian Dream (GD), sparking hopes for democratic progress. However, once in power, GD began manipulating the electoral process in its favor, although international observers have still deemed the elections "free and fair."

By the 2020 parliamentary elections, GD had blurred the lines between the ruling party and the state, compromising the process' legitimacy. As a result, opposition deputies boycotted the newly elected parliament. Opposition protests prompted a compromise, with the opposition agreeing to enter parliament after mediation by U.S. and EU ambassadors.

Basic administration

6



1

Free and fair elections

5



1

In the 2024 parliamentary elections, which marked the shift to a fully proportional system under the supervision of a highly politicized Central Election Commission, the GD escalated polarization by employing defamatory rhetoric and manipulating voters and election procedures. Tactics included vote-buying, intimidation, multiple voting, ID fraud and misuse of private data. The OSCE observed potential breaches of voter secrecy in 24% of cases, with statistical analysis indicating that the GD's vote share was inflated by between 10% and 15%. Consequently, the final ODHIR judgment was critical overall, with those by PACE and especially the European Parliament even more so, deeming the elections “neither free nor fair.”

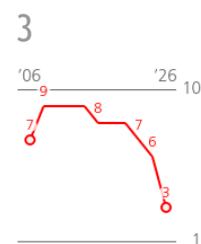
Official results showed GD winning 53% of the vote, primarily in rural areas. The opposition blocs refused to accept the outcome and called for new elections. In February 2025, the opposition's mandates were suspended. The one-party parliament lacks any legitimacy, and most EU member states, with the notable exception of Hungary, have withheld their recognition of the body.

Politics in Georgia is highly personalized, with significant power concentrated in the hands of individuals. Over the past decade, there have been five changes in the prime ministerial position within the ruling Georgian Dream (GD) party, with all officeholders remaining dependent on the party's gray eminence, former Prime Minister Bidzina Ivanishvili. Despite stepping down in 2013, Ivanishvili continued to exert informal power, returning as party chairman in 2018 and as honorary chairman in 2023. The European Union has repeatedly called for structural reforms to address his influence, with “de-oligarchization” remaining a key EU requirement for Georgia's integration even after it received EU candidate status in December 2023. Ivanishvili wields the main veto power in Georgia.

In 2023, Irakli Garibashvili swapped roles with party chairman Irakli Kobakhidze, who steered GD into an anti-Western stance, distancing the country from EU integration and condemning liberal democracy. The 2024 fraudulent elections completed the “state capture” of Georgia's executive, legislative and judicial branches by Ivanishvili's networks. As a result, GD became the main veto party in Georgia, with control over all levels of state administration.

The opposition is similarly personalized, with former President Mikheil Saakashvili remaining a polarizing figure despite being imprisoned since 2021. Salome Zourabichvili, the country's fifth president now turned opposition actor, attempted to unite opposition forces with a “European Charter.” However, civil society's criticism of democratic backsliding and state capture remains weak, as it is not grounded in broader society. Moreover, as the GD discredits the opposition with accusations of corruption and of being in the service of foreign interests, it implicitly aligns itself with Putin's anti-Western narrative while fostering an increasingly authoritarian government. Major parts of the Georgian Orthodox Church and Georgian migrants from Russia are also veto players.

Effective power to govern



Between 2012 and 2016, Georgia's coalition government allowed freedom of association and assembly without interference. However, as the Georgian Dream (GD) party consolidated power, relations with the opposition and civil society soured. NGOs' criticism of state capture and corruption was increasingly denounced as biased and corrupt. Public protests surged from 2019, peaking in early 2023 when GD launched the controversial foreign agents law, targeting NGOs and media outlets. The law required such entities to register administrative information publicly, much as does Russia's analogous legislation. After mass protests in Tbilisi, GD withdrew the law but reintroduced and passed it in April 2024 despite continued opposition.

Following rigged parliamentary elections in November 2024, GD's Prime Minister Kobakhidze announced the suspension of EU integration until 2028, sparking another wave of nationwide protests. GD responded with systematic repression, including disproportionate force against demonstrators by the police and civilian racketeers. Evidence of torture, arbitrary detentions and brutal treatment surfaced, with 54 individuals associated with the protests facing criminal charges by March 2025. In addition, thugs affiliated with GD, known as "Titushki," attacked peaceful protesters with impunity.

Since December 2024, GD has passed increasingly repressive amendments to the Code of Administrative Offenses, raising fines for protests. As of March 2025, hundreds of administrative cases had been initiated, and the crackdown had intensified. No one has been held accountable for the violence; instead, perpetrators have been awarded honors. GD continues to adopt measures targeting protesters, with no domestic institution taking meaningful action to protect victims of systematic abuse.

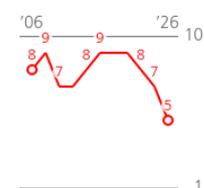
Georgia's press freedom deteriorated significantly in 2024 as it dropped to 103rd place globally in Reporters Without Borders' World Press Freedom Index, a marked decline from previous years (2021: 60th place, 2022: 89th). This marks a return to the levels of 2011 – 2012. According to the Safety of Journalists platform, Georgia saw the highest increase in press freedom alerts among Council of Europe member states, indicating rapidly worsening media freedoms.

Between November 28, 2024, and March 19, 2025, more than 100 incidents of attacks, threats and illegal obstruction against journalists were reported, including violence by police and "Titushki" (thugs linked to the Georgian Dream party). As of the time of writing, Mzia Amaghlobeli, a media organization co-founder, had been in illegal detention for over two months, charged under Article 353(1) of the Criminal Code with offenses carrying a potential prison sentence of four to seven years. In spite of such abuses of power, no perpetrators have been held accountable.

The Georgian National Communications Commission has consistently ruled against critical media, while the Georgian Dream party proposed repressive legislation in February 2025 targeting critical broadcasters and online outlets. This legislation

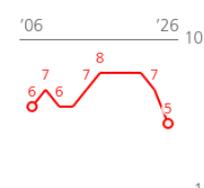
Association /
assembly rights

5



Freedom of
expression

5



threatens the survival of critical media, which already operate in a polarized and insecure environment, facing safety risks and increasing repression. The lack of meaningful investigation into crimes against journalists and ongoing hostile legislative actions further undermine press freedom in Georgia.

3 | Rule of Law

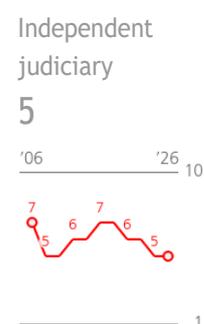
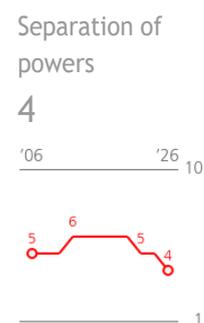
Georgia transitioned from a semipresidential to a parliamentary system with the election of Salome Zourabichvili as president in December 2018, following constitutional amendments. Since then, executive power has shifted to the prime minister. The ruling Georgian Dream (GD) party has maintained control over all branches of government, leading to political polarization and a state crisis.

Since securing its third term in the 2020 parliamentary elections, GD has concentrated power, undermining the separation of powers. The GD leadership has exerted significant influence over the judiciary, key public institutions and state agencies, promoting a clientelist governance style. Loyalists to billionaire Bidzina Ivanishvili have been appointed to influential positions across all branches of government, with EU institutions criticizing the lack of effective separation of powers.

Despite fulfilling only three of 12 EU recommendations, Georgia received EU candidate status in December 2023. However, in 2024, GD's actions fundamentally contradicted EU principles, and after rigged parliamentary elections, GD announced a pause in Georgia's EU integration process on November 28, 2024. This led to mass protests and political repression. The judiciary, including the constitutional court, has been heavily influenced by GD, issuing rulings that benefit the party on key issues such as electoral laws, the Russian-style foreign agents law and the treatment of protesters, including torture and politically motivated illegal detentions.

Since 1991, successive Georgian governments have exploited the subservient judiciary inherited from the Soviet era, politicizing the judicial system. The ruling Georgian Dream (GD) party's increasing polarization of Georgian politics has further underscored the need for judicial independence. In its 2024 report, the Parliamentary Assembly of the Council of Europe (PACE) criticized the state of the rule of law, noting opaque judicial appointments and unclear criteria, raising doubts about the government's commitment to real reform. PACE's call for an independent evaluation of judicial reforms was ignored. In January 2025, Georgia's delegation left PACE after the group demanded that Georgia hold new elections and release political prisoners by April 2025.

In July 2024, the Tbilisi City Court suspended President Salome Zourabichvili's decree appointing Kakha Tsikarishvili to the High Council of Justice (HCoJ), revealing the judiciary's alignment with GD policies to prevent the rise of independent candidates. After the 2024 elections, all but one complaint from election



observers was rejected by Georgian courts, further demonstrating judicial bias. In trials of protesters, judges have imposed harsh sentences based on biased testimony given by security forces. Human rights organizations such as Transparency International Georgia have referred to this as “the clan” – highlighting its control over sensitive cases.

The European Union has demanded judicial reforms, including integrity checks and reform of the High Council of Justice, but GD has refused. In 2023, the United States sanctioned several judges for corruption, and several EU states imposed sanctions on judges involved in politically motivated cases, including those related to political prisoners.

Under the Georgian Dream (GD) party, political loyalty is often rewarded with high-level appointments, fostering an environment of tolerance for corruption. In 2023, Georgia established the Anti-Corruption Bureau to meet EU requirements, but this entity lacks investigative powers and true independence. Law enforcement bodies, including the State Security Service and the Prosecutor General’s Office, ensure impunity for top officials aligned with GD’s political agenda. Investigations into high-level corruption are often delayed or ignored.

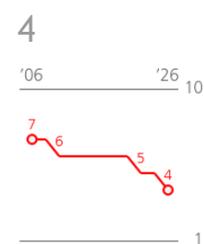
Control over law enforcement was solidified through measures such as dismantling the State Inspector’s Office, which was replaced by a Special Investigation Service (SIS) led by a politically connected prosecutor. Since 2024, SIS has shielded officials responsible for police-perpetrated torture and violence against protesters. Although five Interior Ministry officials have been sanctioned under the U.S. Magnitsky Act, no domestic investigations have followed. Instead, those involved in violent crackdowns have been honored by the GD party. The message is that loyalty to GD and Ivanishvili outweighs loyalty to the state and constitution.

Meanwhile, the Public Defender’s Office (PDO) has experienced a decline in its independence. Current Public Defender Levan Ioseliani has taken a more cautious approach, softening criticism of state abuses. His restrained responses to key issues – such as the Russian-style foreign agents law, flawed elections and recent police violence – reflect this shift.

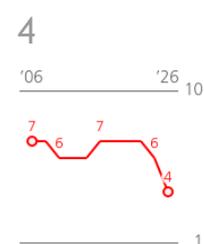
European institutions have confirmed that Georgia’s state institutions face serious challenges due to oligarchic influence, primarily from Bidzina Ivanishvili, honorary chairman of the ruling Georgian Dream (GD) party. His de facto control over all branches of government has resulted in what many international observers call state capture.

Developments in 2024 have highlighted growing authoritarianism, marked by democratic backsliding and a human rights crisis. The capture of institutions undermines the protection and restoration of fundamental rights, as independent and impartial oversight bodies are virtually nonfunctional. This situation affects civil society, media, political opponents and others facing systemic repression.

Prosecution of office abuse



Civil rights



Repression of protesters, civil servants, activists and journalists has escalated. Institutions intended to remain independent now enforce GD's agenda. As of March 2025, no one had been held accountable for violence, torture or inhuman treatment of peaceful demonstrators or media. Instead, those involved in crackdowns have been honored by the ruling party. Thugs linked to GD act with impunity, targeting opponents and protesters.

Since November 2024, 54 protesters have faced criminal charges, with 40 detained, including journalist Mzia Amaghlobeli. Hundreds of administrative cases have also been launched under new repressive laws. Even media workers covering protests have faced legal harassment. GD has tightened laws on freedom of assembly and uses both legal and violent means to silence dissent.

Minority rights continue to be neglected. In 2024, LGBTQ+ people were openly targeted for political gain amid the passage of anti-LGBTQ+ laws and an escalation of hostile rhetoric. Ethnic and religious minorities also face discrimination. In February 2025, seven organizations left the Council of Ethnic Minorities and formed a new body due to the original council's ineffectiveness.

Additionally, a new bill seeks to remove the terms "gender" and "gender identity" from Georgian law, while also dismantling existing gender equality councils. These actions confirm GD's success in entrenching authoritarian rule and shrinking space for civil rights and democratic recovery.

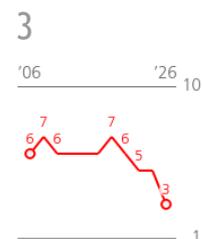
4 | Stability of Democratic Institutions

When the Georgian Dream (GD) party came to power in 2012, it promised a more pluralist future. However, the opposite unfolded. In the 2016 parliamentary elections, GD lost its liberal coalition partners but gained a constitutional majority, largely due to an election law favoring the ruling party. GD initially won 85 seats in 2012, increased its total to 115 in 2016, dropped to 90 in 2020 and secured 86 seats in the highly disputed 2024 elections. Despite losing ground, GD has solidified its grip through control over local authorities, the judiciary, the Central Election Commission and, since December 2024, the President's Office.

The 2018 constitutional reform failed to strengthen parliamentary oversight. Instead, transparency declined and public consultations became symbolic. GD has weaponized legislation – most notably the Russian-style foreign agents law and amendments to laws on protests, media and administrative offenses – to suppress civil society and independent journalism.

In November 2024, Georgia's parliament became a one-party rubber-stamp institution. The opposition, weakened and discredited, failed to mobilize broad-based protests against election fraud. Only after Prime Minister Kobakhidze's announcement on Nov. 28 that the government would suspend EU integration activities until 2028 did spontaneous mass protests erupt.

Performance of democratic institutions



With no meaningful policy competition between GD and the opposition, citizens have disengaged from formal politics. The country now faces a deepening political crisis, as GD systematically dismantles democratic institutions in favor of authoritarian rule. Its total control over state institutions has severely damaged their performance, and ongoing repression continues to silence critical voices across society.

The democratic transition in government following the 2012 elections marked a significant milestone in fostering the idea of political ownership among Georgians. However, subsequent elections, including presidential, parliamentary and local contests, have seemingly reinforced the perception that power remains inseparable from the ruling party. The conduct of the two main political forces – led by Ivanishvili’s GD and the imprisoned Saakashvili’s UNM – appears characterized by only a nominal commitment to democracy. Their power struggles, often seen as zero-sum games, have reinforced the perception that political parties primarily serve the interests of their leaders and patronal networks.

However, Georgia’s challenge runs deeper – it lies in the population’s reluctance to actively engage in politics and hold the political elite accountable. Occasionally, certain issues have provoked large-scale protests, such as those against the Namakhvani hydropower plant construction in western Georgia, the Russian-style foreign agents law and the suspension of the EU integration process in 2023/2024. It was only when faced with the prospect of turning away from EU integration and the impending loss of democracy that citizens began to organize themselves through sustained protest. With growing civic engagement, they are challenging the GD-promoted ethnocultural “national traditions” in favor of a civic (“European”) nation. However, this appears to be too late in light of the impending ban on the largest opposition parties. Ivanishvili’s GD is the only remaining relevant actor at the state level and is now also seeking to bring social actors and the media under its control.

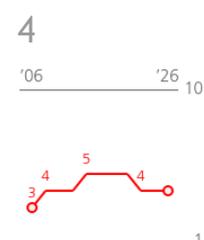
5 | Political and Social Integration

Political parties in Georgia generally do not rely on democratic intraparty decision-making or represent specific segments of society. Instead, they often use populist slogans to mobilize the population. With some exceptions, this trend is especially notable in the cases of Ivanishvili’s Georgian Dream (GD) and the United National Movement (UNM), which is associated with imprisoned ex-President Saakashvili. Most of the remaining parties typically consist of clientele groups centered around a specific leader. There are also some female party leaders, such as Khatuna Samnidze (the liberal Republican Party), Ana Dolidze (extra-parliamentary group For the People) or Nino Burjanadze (Democratic Movement – United Georgia).

Commitment to democratic institutions



Party system



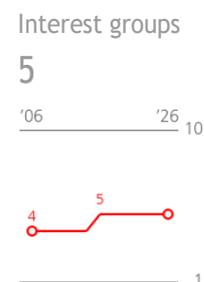
In the most recent, GD-manipulated elections of October 2024, official results indicate that the ruling party GD secured 89 out of 150 mandates, while four opposition blocs obtained 61 mandates (Coalition for Change – 19 seats, UNM – 16 seats, Strong Georgia – 14 seats and For Georgia (Giorgi Gakharia) – 12).

All parties are based around personalities, and intraparty democracy is not well developed. The National Democratic Institute (NDI) opinion survey from December 2022 found that 61% of respondents in Georgia believed that no political party represented their interests (up from 56% in August 2022), while only 31% thought the parties did (39% in August 2022). As outlined in a report by the Georgian Institute of Politics (May 2022), voter expectations do not align with the core functions of political parties, which are intended to contribute to the consolidation of democracy. These functions include agreeing on important national issues; enhancing accountability; using political platforms to establish cooperative principles among parties; reducing polarization; strengthening party identity; pursuing program-oriented policies; promoting intraparty democracy; facilitating institutional decentralization of parties; increasing political awareness among voters; and improving public communication by political parties. These issues correspond with the 12 points set by the European Commission for granting Georgia candidate status for EU membership.

During the past two years, the GD government has intentionally further deepened political polarization in Georgia and, by excluding critical interest groups from the national discourse, has successfully prevented issue-driven political debates. Only through organizing mass protests over the last two years did participants realize the necessity of forming interest groups, non-governmental organizations (NGOs) and independent trade unions as a means of combating democratic backsliding. On February 8, 2025, this culminated in the founding congress of the Georgian Public Assembly. Thanks to the protests, a truly civic nation appeared on the horizon. But it is questionable whether it will be strong enough to withstand and survive GD's authoritarian drive.

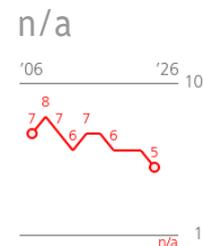
Establishing or joining formal associations with specific purposes was once uncommon in Georgia, with its post-Soviet, neo-patrimonial society in which reaching compromise agreements among competing interests appeared unacceptable. Since the mid-1990s, the civil society sector has steadily grown in both numbers and capacity. However, it remains primarily concentrated in Tbilisi and Batumi, and has had limited connections with the broader population.

Western grants in significant amounts made them independent from state oversight, a circumstance that GD, through its foreign agents/transparency law, has sought to change. On the other hand, the Georgian Orthodox Church is the only civil society group to assert its authority in defining national (cultural) values, while often adopting illiberal approaches and remaining the most influential organization in society.



Since the start of mass protests in 2019, the share of the population identifying democracy as preferable to any other form of government in Georgia has steadily increased from 49% to 64% in 2021 and 67% from May to June 2024, according to the Caucasus Research Resource Center (CRRC) Caucasus Barometer. This suggests that public opinion is responding to the democratic backsliding that has taken place over the last five years. Currently, only 9% say they consider Georgia to be a “full democracy,” and another 25% view it as a “democracy with minor problems” (2021: 4% and 26%; 2011: 8% and 42% respectively). However, 42% believe there are major problems (2021: 46%, 2011: 27%), and 14% say Georgia is not a democracy (2021: 16%, 2011: 11%).

Approval of democracy



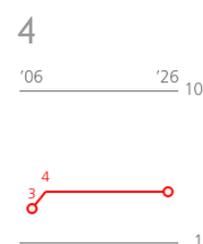
Levels of trust in democratic institutions remained persistently low in 2024: political parties (12%), parliament (22%) and the government (31%) garnered the lowest levels of trust. Only the president increased its standing, rising from 10% to 26% (2021: 16%). Media (24%), NGOs (22%) and courts (23%) were also not highly trusted. The army (76%), religious institutions (73%) and the police (55%) enjoyed the highest levels of confidence. These data highlight the persistence of authoritarian and neo-patrimonial mindsets, with a transactional understanding of politics based on the provision of security and social benefits.

Before the massive wave of protests began in 2024, civil society actors with liberal democratic inclinations found support predominantly in the West, while over the past two years the GD party has rejected this support as treason against “sovereignty” and “national traditions” – in fact, as representing a potential challenge to its own unlimited hold on power.

According to the Institute of Social Studies and Analysis (ISSA) poll conducted in January 2025, 82% of respondents saw a political crisis in Georgia, signified by a one-party parliament (38.6%), mass protests demanding new elections (33.7%), and physical violence and illegal arrests of protesters (24.7%). Polarization is deeply entrenched in society, with 34.1% backing the ruling GD and 59.7% supporting the opposition. However, responsibility for this crisis is clearly attributed to the GD (77.9%) and oligarch Bidzina Ivanishvili (23.6%).

Georgia has a high level of “bonding” and a low level of “bridging” social capital. Georgians are more inclined to use the broader society for personal gain while remaining cautious about damaging their reputations within close circles of friends and family. As a result, the Western model of civil society has remained somewhat foreign to Georgian society – and continues to be so especially in the current politically polarized climate.

Social capital



However, due to persistent protests in 2023 and 2024, civic engagement increased beyond fleeting instances of civic activism, such as those following the severe flooding in Tbilisi in June 2015 or protests against the construction of hydropower stations in mountain regions. These positive trends extended beyond the urban

boundaries of Tbilisi and Batumi into the countryside. Yet this recent growth in civic solidarity, self-organization and activism faces challenges with regard to sustainability and institutionalization. Moreover, authoritarian interference is hampering the transition to broader membership-based and issue-driven forms of self-organization.

II. Economic Transformation

6 | Level of Socioeconomic Development

Inequality remains a major obstacle to Georgia's development. The UNDP's 2022 Human Development Report ranked Georgia 60th out of 193 countries with an HDI score of 0.814, slightly below its pre-pandemic level of 0.816 in 2019. In key HDI areas of review – life expectancy, education and living standards – Georgia lags behind its neighbors. Employment, low wages and poverty have been the country's main socioeconomic concerns for more than three decades.

Georgia's Gender Inequality Index score improved from 0.411 in 2011 to 0.283 in 2022, and the Gini index score declined to 33.5 – better than in previous years but still higher than in neighboring states. Despite some gains, 15% of Georgians still lived on less than \$3.65 a day in 2022, and 11.8% remained below the absolute poverty line in 2023. Inequality continues to cause a 10.6% loss in Georgia's HDI score, unchanged since 2021.

The gap between urban and rural populations remains stark. Opportunities in life are often determined by birthplace, separating those in the modern economy from others who rely on farming or remittances. The poor were hit hardest by the COVID-19 pandemic, reversing much of the socioeconomic progress made during the 2010s. Many now depend on political patrons, resulting in informal pressure on voting rights from the ruling Georgian Dream party.

Though the overall unemployment rate fell from 20.6% in 2021 to 13.9% in 2024, this was largely due to public sector hiring, migration and state-run employment programs driven more by political than economic priorities.

Question
Score

Socioeconomic
barriers

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Economic indicators		2021	2022	2023	2024
GDP	\$ M	18853.1	24984.6	30777.8	33776.1
GDP growth	%	10.6	11.0	7.8	9.4
Inflation (CPI)	%	9.6	11.9	2.5	1.1
Unemployment	%	11.8	11.6	11.5	11.5
Foreign direct investment	% of GDP	6.7	9.2	6.8	4.0
Export growth	%	23.5	37.4	9.5	5.9
Import growth	%	8.8	16.9	10.0	8.5
Current account balance	\$ M	-1942.7	-1104.5	-1708.5	-1530.5
Public debt	% of GDP	49.1	39.2	38.9	36.1
External debt	\$ M	22053.9	23982.3	24467.5	-
Total debt service	\$ M	2690.9	3337.1	3556.9	-
Net lending/borrowing	% of GDP	-5.9	-2.5	-2.0	-2.2
Tax revenue	% of GDP	21.5	22.9	23.6	24.6
Government consumption	% of GDP	14.1	12.5	12.1	13.4
Public education spending	% of GDP	3.6	3.8	3.7	4.0
Public health spending	% of GDP	4.4	3.1	-	-
R&D expenditure	% of GDP	0.2	0.2	0.3	-
Military expenditure	% of GDP	1.6	1.5	1.7	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Georgia's business environment is largely liberalized, with streamlined procedures – such as one-day company registration at low cost – leading to a high rate of company formation. However, this also results in one of the lowest company survival rates in Europe. Georgia scores above the EU average in terms of regulatory quality and government effectiveness (2023 World Bank Indicators), and its legal framework aligns with international standards. Yet enforcement remains weak due to the limited capacity of competition agencies and regulators.

Market organization

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Low productivity and a reliance on low-complexity markets hinder access to the EU internal market, as companies struggle with standardization and infrastructure gaps. Domestic challenges – such as political polarization, vested interests and stalled judicial reforms – further undermine the business climate.

Business support measures primarily target small and medium-sized businesses (SMEs). Since 2022, more than 30,000 companies have been registered by Russian citizens, some coming as political emigrants and others to evade sanctions. Many are linked to fictitious addresses, complicating oversight and enforcement.

Most prices in Georgia are determined by supply and demand. In competitive markets – such as retail trade, agriculture and many services – prices are set freely by businesses and influenced by consumer preferences. However, informal monopolies and oligopolistic practices – primarily by companies close to the GD – often undermine free competition through internal price agreements. The Georgian National Competition and Consumer Agency (GCCA), which is meant to oversee fair competition and investigate instances of price-fixing, abuse of dominance and cartel behavior, has only limited enforcement capacity and effectiveness in addressing these issues.

The informal economy remains substantial. As of 2020, 55.6% of the workforce was informally employed, with agriculture and seasonal jobs accounting for a significant portion of such activities. In 2023, 27.6% of nonagricultural workers were informally employed. Informality is tied to Georgia's economic structure – dominated by agriculture, construction and tourism – and is exacerbated by the lack of unemployment benefits or widespread cash support payments.

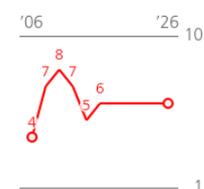
While past efforts to reduce informality included labor inspections and improved revenue measures, Georgia still lacks a comprehensive strategy that combines tax, labor, social and financial policies to effectively address the issue.

The legislative framework for competition policy is only partially aligned with the EU acquis. Several procedural and material amendments to the competition law entered into force on January 1, 2024, including a revised definition of annual turnover and a restricted timeframe for withdrawing a complaint to be set before the draft decision is sent. Provisions on the leniency program have been amended in line with the European Competition Network (ECN)+ Directive, and fines have been introduced for obstructing on-site inspections (dawn raids) and for enabling external assistance during on-site inspections (dawn raids).

Institutionally, an internal restructuring of the Georgian Competition and Consumer Agency (GCCA) reduced the number of deputies to the agency chair from two to one. From June 15, 2023, until August 30, 2024, the GCCA reviewed and approved 11 concentrations in different sectors of the economy. Two investigations into possible abuse of dominant position, four into potential cases of excessive pricing practices,

Competition policy

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four investigations into anti-competitive agreements and four into unfair competition were completed. Given the state capture by Ivanishvili's GD, it remains to be seen how independently the GCCA can perform its task – as the failure of the Anaklia Deep Sea Port investment project demonstrated.

Public procurement shows some progress in preparing for compliance with EU competition rules. In February 2023, the State Procurement Agency introduced a draft Law on Public Procurement. The law was originally set to take effect in 2025, but its implementation was postponed until 2027. As part of the country's obligations for EU accession (Chapter 5), this new law introduced more transparent state procurement procedures. In 2023, the volume of public procurements exceeded GEL 10 billion, or 13.1% of GDP, an 8% increase compared with 2022. Significant problems remain in ensuring proper competition in state procurement. Simplified procurement processes still constitute a significant share of the whole, and companies affiliated with the Georgian Dream party win most large tenders.

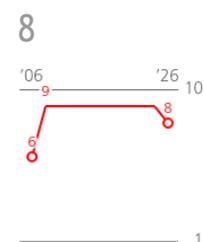
Until 2023, Georgia maintained a liberal foreign trade policy with no quotas except for ozone-depleting substances. Since 2005, it has followed a simple tariff system (0%, 5% and 12%), with a low average most-favored-nation tariff of 1.5% for 2023. Tariffs for nonagricultural goods declined from 0.8% in 2015 to 0.7% in 2023, while agricultural tariffs declined from 6.8% to 6.3%. Georgia does not apply seasonal tariffs or tariff-rate quotas under most favored nation or preferential agreements.

Georgia is the only country in the region with free trade agreements (FTAs) with both the European Union and China. An FTA with the United Kingdom took effect in 2021. Under the EU's Deep and Comprehensive Free Trade Area (DCFTA), Georgia has strengthened its technical trade standards, adopting more than 16,000 standards, including 8,000 that comply with the European Union. Its Market Surveillance Agency enforces these in line with the EU acquis.

Thanks to its strategic location and developed transport infrastructure, Georgia is a key transit corridor, with re-exports making up a growing share of exports – especially since the Russia-Ukraine war. Local products accounted for 74% of exports in 2021, but this share dropped to 46% in 2024. Re-exports, particularly to Kyrgyzstan and Kazakhstan, surged – raising concerns about Georgia being a prominent gateway used to bypass sanctions on Russia. In 2024, the value of passenger car re-exports exceeded \$2 billion, or 37% of total exports.

Georgia's main import partners are the Commonwealth of Independent States (CIS), the European Union and Türkiye. In early 2025, the volume of imports of paintings from the U.S. and U.K. rose sharply, likely linked to sanctions on Bidzina Ivanishvili and asset transfers. In 2024, parliament passed a law granting tax breaks for off-shore asset transfers, widely seen as serving Ivanishvili's interests ahead of expected sanctions.

Liberalization of foreign trade



Banking remains one of the fastest-growing sectors in the Georgian economy. With a capital adequacy ratio at a comfortable 22.1% in December 2023, Georgia's banking sector remains sound, and with an aggregate 26.5% return on equity, most lenders remained very profitable. Asset quality remains strong, with only 1.5% of loans classified as non-performing. Only the high rate of dollarization for assets and liabilities remains a structural weakness. In 2023, the share of foreign-currency-denominated deposit liabilities decreased, while the share of loans in foreign currencies has remained broadly unchanged.

The size of financial intermediation, measured by the ratio of loans to the private sector to GDP, stood at 64% at the end of 2023, compared with 90% of GDP in the European Union. From the end of 2022 through the end of 2023, credits rose from 12.1% to 17.2% across corporate and retail loans. A new law on micro banks, which entered into force in July 2023, expanded access to finance for very small companies, though this remains a major obstacle for many SMEs.

The insurance sector and capital market remain underdeveloped, although authorities have begun implementing the 2023 – 2028 capital market development strategy with two main goals: increasing the quantity and types of securities on the market and deepening the investor base. Despite increased interest in securities in recent years, the capital market and stock exchange are still poorly developed. On the other hand, there is a high concentration among banks – the two largest banks control a share of 80% of the sector's total credit and deposit portfolios.

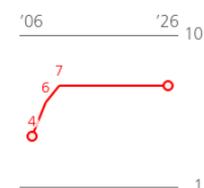
Banking supervision is led by the National Bank of Georgia (NBG), which is formally independent and effective. Former GD Minister of Economy and Sustainable Development Natia Turnava, who has served as acting bank governor since 2023, was elected chairwoman of the NBG Board in February 2025 and will serve until June 2029. Georgia has thus far partially implemented Basel III and is fully compliant with Basel II. Hard budget constraints exist for most private firms and banks, though state-owned enterprises (SOEs) may still operate under soft constraints in practice.

8 | Monetary and fiscal stability

Between February 2023 and January 2025, the National Bank of Georgia (NBG) maintained a strict monetary policy with the goal of controlling inflation and stabilizing the exchange rate. At the beginning of 2023, the inflation rate remained high, prompting the NBG to keep the key interest rate at 11%. This measure helped lower the inflation rate, which gradually declined to 2.49% by December 2023, well below the NBG's 3% target. By mid-2024, inflation further dropped to a rate of 1.0%, allowing the central bank to reduce the interest rate to 8% by May 2024 as a means of supporting economic activity. Despite global uncertainties, Georgia avoided speculative attacks on its currency and managed inflation expectations effectively.

Banking system

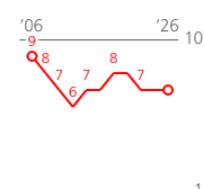
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Monetary stability

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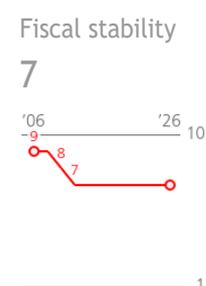
Georgia operates under a floating exchange-rate regime for the Georgian lari (GEL), with market forces – specifically, supply and demand dynamics in the foreign exchange market – allowing its value to adjust freely to external economic conditions. The GEL remained relatively stable against the U.S. dollar throughout 2023 – 2024, and the exchange rate fluctuated moderately but did not experience significant volatility. The NBG ensured stability by maintaining transparent communication with financial markets and aligning its policies with broader economic goals. Georgia’s real effective exchange-rate (REER) index (2010 = 100) was reported at 113% in 2023, indicating a real appreciation of the GEL compared to its value in 2010. However, in 2024, the NBG sold a record amount of foreign exchange reserves in parallel with the pre-election and post-election political processes. The size of the NBG’s foreign exchange interventions gave rise to the impression that these actions were politically motivated. Monetary stability was a component of the economic policy mix in principle, but it was subordinated to other objectives.

Georgia’s fiscal strategy highlights a careful balance between economic growth and financial discipline, with the goal of ensuring long-term economic resilience. Between February 2023 and January 2025, the Georgian government maintained a stability-oriented fiscal policy focused on debt control and economic resilience. In 2023, the budget deficit stood at 2.5% of GDP, reflecting the government’s cautious approach to public spending. This trend persisted in 2024 and is expected to continue into 2025 – allowing for fiscal sustainability while supporting economic growth.

Levels of public debt remained stable at about 37% of GDP, significantly lower than in many regional economies. The government has prioritized responsible debt management, avoiding excessive borrowing while maintaining fiscal buffers against external shocks. In addition, Georgia’s real GDP grew by 7.8% in 2023, fueled by strong performance in tourism, trade and investment inflows.

To further strengthen fiscal stability, the Georgian government began negotiations with the International Monetary Fund (IMF) in early 2025. The new IMF program aims to reinforce investor confidence, provide financial backing for structural reforms and ensure long-term fiscal discipline. The move signals Georgia’s commitment to reducing external vulnerabilities and enhancing economic predictability.

Despite global economic challenges, the government has balanced fiscal discipline with strategic investments, particularly in the areas of infrastructure, energy and transport. Foreign reserves remain sufficient and external debt remains manageable, reducing risks of a fiscal crisis. However, future stability will depend on global financial conditions, regional economic trends and continued prudent fiscal policies. In addition, the sharp decline in democratic standards in recent years and increasing political repression create fiscal risks, which in 2024 have already been reflected in the budget support provided by partner states in the form of grants, the slowdown in the growth rate of business turnover and other factors.



9 | Private Property

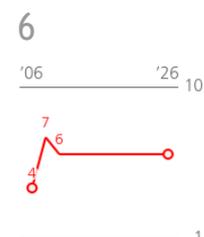
In general, property rights are mostly respected in Georgia, but there are indications that the state serves private interests. The U.S. State Department has noted interference in judicial independence and a perceived lack of impartiality in the Georgian judicial system. Repeated disputes over property rights have at times raised doubts about the impartiality of the system, with political interests sometimes having a significant impact. In January 2024, Transparency International Georgia revealed that only a quarter of draft decrees considered by the Georgian government in 2023 (122 out of 531) dealing with the transfer of state property to specific entities had been made public.

Georgia's score on the International Property Rights Index 2024 increased slightly relative to the country's previous performance. It now ranks 65th out of 125 countries (2023: 66th; 2022: 72nd/129). However, its ranking in the Legal and Political subindex – which encompasses factors like judicial independence, rule of law, political stability and control of corruption – has fallen again. Its ranking on the Physical Property Rights subindex rose, while it retained its 77th place (out of 125 countries) position on the Intellectual Property Rights subindex. These challenges pose a significant hurdle to the country's prospects of EU membership.

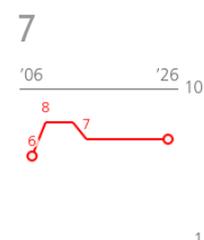
However, it is worth mentioning that in 2024 and 2025, two separate criminal cases were launched against two businessmen formerly loyal to the GD party (Bachiashvili and Chikvaidze). This colors the government's claims of political support for the private sector, indicating the possibility of legal consequences in cases of disloyalty. Surveys indicate that a substantial portion of the population believes that a litigant's economic status influences judicial outcomes. Specifically, 43% of respondents in a Caucasus Research Resource Center (CRRC) survey felt that a poor person was more likely to be found guilty than a wealthy individual when charged with the same crime. This perception of inequality can extend to property rights cases, in which influential parties might be seen as having an advantage in legal disputes.

In August 2021, parliament finally adopted the government-drafted law “On Entrepreneurs.” This new law is designed to regulate corporate relations among business parties and company partners while aligning Georgian legislation with EU directives and regulations, representing a significant step toward corporate law reform. However, some amendments introduced by this law have made the business registration process more challenging than before. In the context of neoliberal policies, private businesses are seen as crucial for driving economic development. Nevertheless, it is common for companies associated with those in positions of power to receive preferential treatment, particularly in areas like public procurement and privatization of state assets.

Property rights



Private enterprise



This trend is also reflected in the decreased 2024 Index of Economic Freedom, in which Georgia was ranked 32nd out of 184 countries (2022: 26th/177), placing it among the “moderately free” economies, and above both the global and regional averages. However, with a score of 68.4 points, Georgia’s performance has deteriorated in almost all indicators other than tax burden and open markets (2023: 68.7, 2022: 71.8, 2021: 77.2). While Georgia remains among the top 10 countries globally for starting a business, registering property and protecting investors, it has faced challenges in other areas. The independence of the judiciary, legal uncertainty and ongoing investigations into certain major businesses have also had a negative impact on the business environment. Almost 2,000 businesses have supported the protests against GD’s suspension of EU integration, which has been ongoing since November 2024.

10 | Welfare Regime

Georgia remains a deeply divided society, with political polarization worsening inequalities between urban and rural populations and between traditional and modern sectors of the economy and society. The country’s welfare system, based on neoliberal principles, has struggled to provide equitable development opportunities.

Since 2012, the Georgian Dream (GD) government has introduced a basic public health system and expanded social assistance, but the countryside has seen little improvement. As of 2024, around 697,834 people (about 19% of the population) were receiving subsistence allowances, while the total number of beneficiaries of state social programs was significantly higher. These vulnerable groups were politically targeted by GD during the 2024 parliamentary elections.

Public health spending increased from 1.4% of GDP in 2011 to 4.5% in 2021. However, life expectancy remains low at 71.6 years (2022). The universal basic pension of 315 GEL falls short of covering essential needs amid rising costs. The 2019 mandatory pension scheme excludes a large segment of the population. In May 2023, the budget of the Universal Health Care Program was increased to GEL 880 million (approximately \$345.84 million). This expansion included raising the annual funding for oncological disease treatments to GEL 25,000 (about \$9,825) per patient. In February 2023, Georgia adopted its first Strategy for the Development of Rehabilitation Services (2023 – 2027) in order to integrate rehabilitation services into the national health care system with technical support from WHO/Europe.

The unemployment rate fell from 20.6% in 2021 to 13.9% in 2024, but this decline was driven by expansion of the public sector and a high emigration rate rather than sustainable job growth. To manage financial strain, many families turned to borrowing from banks, microfinance institutions and pawnshops – often at high interest rates.

Social safety nets

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Children in rural areas face acute disadvantages, including limited access to education and fewer years of schooling, further entrenching poverty and social disparity. Overall, Georgia’s welfare model continues to fall short in addressing deep-rooted structural inequalities.

From a legal standpoint, Georgia has frameworks to prevent discrimination, notably the Law on the Elimination of All Forms of Discrimination. However, societal divisions along ethnic, gender and geographic lines persist. Socioeconomic mobility remains limited, and minority or vulnerable groups are largely absent from political agendas. The party quota for women, introduced in 2020, was repealed in 2024. A gender impact assessment conducted in October 2023 highlighted the under-representation of women in public service leadership positions, as well as barriers such as unclear promotion paths and caregiving burdens. The number of cases of domestic violence against women have continued to rise.

Although ethnic minorities do not face legal discrimination, they continue to be under-represented in public institutions and the media. Integration programs exist for minority youth, but sexual minorities face heightened stigma and discrimination, particularly following the enforcement of the 2024 law “On the Protection of Family Values and Minors,” which is widely seen as homophobic and transphobic. People with disabilities have seen limited improvements with regard to equal opportunities, but a comprehensive state policy is still lacking.

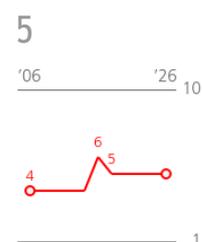
Educational indicators show promising gender parity and literacy rates, with the gross enrollment ratio exceeding 100% at the primary and secondary education levels. However, PISA results highlight persistent issues in educational quality. Women made up 47.1% of the labor force in 2023, but access to employment and public office is increasingly tied to political loyalty to the ruling Georgian Dream (GD) party rather than merit or experience. Despite some progress, inclusivity and equal access remain significant challenges in Georgia.

11 | Economic Performance

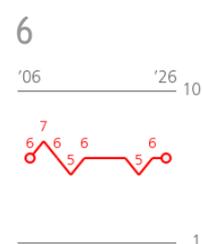
From February 2023 to January 2025, Georgia experienced steady economic growth, with a significant increase in GDP per capita. In 2023, GDP per capita reached \$8,284, a notable rise from 2022 (\$6,730) and 2021 (\$5,084). The most dynamic sectors were manufacturing, construction, agriculture, and services such as tourism and finance. This economic performance demonstrates the country’s resilience to external shocks.

The unemployment rate had fallen to a record low of 13.7% by mid-2024 (2023: 16.4%). A major contributor to this decline has been growth in public sector employment. Inflation was effectively under control, with the annual inflation rate ranging between 2% and 3% in 2024, keeping consumer purchasing power stable.

Equal opportunity



Output strength



In March 2023, Georgia reported a current account deficit of \$200.5 million. Direct investment amounted to 2.2% of GDP as of September 2024. Gross fixed capital formation reached GEL 5.1 billion in September 2024, indicating continued infrastructure investment.

Efforts to diversify the economy, particularly by expanding the tourism, information technology and renewable energy sectors, strengthened economic stability. However, in 2024 Fitch lowered the outlook for Georgia from “stable” to “negative” due to the political crisis, which could jeopardize growth in 2025 and subsequent years.

12 | Sustainability

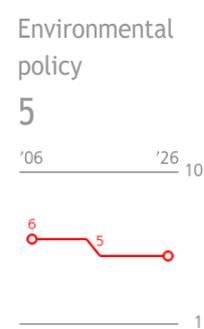
Georgia’s rich biodiversity and landscapes continue to face threats from economic exploitation, land and forest degradation, pollution, poor waste management, and climate change. Although environmental protections were established in the 1990s, deregulation since 2004 has weakened enforcement.

Between February 2023 and January 2025, Georgia introduced several environmental policies, with mixed results. The Climate Change Law, initiated in 2022, aims to provide a legal framework for climate action, though enforcement is still pending. In April 2023, Georgia adopted the Long-Term Low Emission Development Strategy 2050, aligning with the Paris Agreement and outlining carbon neutrality goals. The 2024 – 2025 Climate Change Action Plan, approved in March 2024, allocated more than GEL 3.6 billion for mitigation in sectors like energy, transport, agriculture and waste.

Despite these efforts, tax and energy policies have not been aggressive enough to drive a green transition. Incentives have focused mainly on hydropower, while solar and wind development has lagged due to infrastructure and funding barriers. Tax benefits for renewable energy have been insufficient to spur significant investment. The government’s CO₂ reduction goals have lacked strict enforcement, with no major penalties for high-emission industries.

Sustainable practices such as recycling and energy efficiency have been encouraged, but adoption remains limited. Incentives for electric vehicles and eco-friendly appliances are modest compared with global standards. While public awareness has expanded, environmental consciousness is not yet a widespread part of daily life.

Overall, Georgia has made progress integrating environmental goals into policy, but limited regulation, weak enforcement and low levels of public engagement have hindered meaningful change.



Between February 2023 and January 2025, Georgia made notable strides in education and research, increasing education funding to 4.5% of GDP in 2024 – close to the international benchmark of 4.8%. This boost improved infrastructure, teacher salaries and available resources. Enrollment rates at the primary and secondary levels of education remained high, and literacy rates stayed above 99%. However, rural-urban disparities persisted, with rural areas lagging in resource access and educational outcomes.

Higher education institutions such as Tbilisi State University and Ilia State University expanded international partnerships. Yet, as a part of the wave of repression following the rigged elections in 2024, academia has increasingly been targeted via tactics such as politically motivated blackmail.

The share of the population with tertiary degrees rose to 32% in 2024. R&D investment reached 1.5% of GDP – still below the OECD average of 2.3%. To promote innovation, the government has offered tax incentives for private R&D and grants for academic research. The Georgian Innovation and Technology Agency (GITA) continued to support startups and tech development.

Cooperation with the European Union’s Horizon program increased research funding and knowledge exchange. The number of patent filings by Georgians rose 12% from 2023 to 2024, indicating burgeoning innovation. Still, significant challenges remain.

PISA results show that education quality remains low and stagnant. The system is burdened by poverty, which limits students’ access to educational materials. More than 60% of children face at least one material or social deprivation. The number of public schools – 2,086 – has not changed in five years, despite a student population increase of 37,700. In 2023 – 2024, about 200 schools could not open due to delayed renovations. Education remains politicized, with limited institutional independence. Sustained reforms are needed to improve quality and equity across the system.

Education policy /
R&D

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Governance

I. Level of Difficulty

Georgia faces moderate to significant structural constraints that limit the governance capacity of the country's political leadership. These challenges arise from persistent socioeconomic and geographic realities that cannot be quickly resolved.

Despite macroeconomic stability, extreme poverty and high rates of rural unemployment remain widespread. Many citizens depend on subsistence agriculture, lacking access to infrastructure, credit and services, a fact which hinders inclusive growth. Georgia also suffers from low educational quality. While literacy and school enrollment rates are high, students underperform in the area of critical thinking, weakening the labor force's competitiveness.

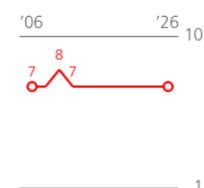
Georgia's geopolitical location, while strategic, exposes it to regional instability. The Russian occupation of 20% of its territory (Abkhazia and South Ossetia) and the country's dependence on neighboring countries for trade and energy increase its vulnerability. Although Georgia has sought to expand ties with medium-sized powers and maintains pragmatic relations with Armenia and Azerbaijan, security concerns persist.

Underdeveloped infrastructure, especially in rural and mountainous areas, limits service delivery. Georgia is also exposed to seismic activity and climate-related disasters, which further strain its limited resources.

The country additionally continues to grapple with the legacy of the economic collapse and conflict of the 1990s, which triggered a brain drain. Initial reforms under President Saakashvili improved efficiency and reduced the scope of petty corruption, but patrimonial politics persisted. Under the Georgian Dream (GD) party and billionaire Bidzina Ivanishvili, institutional development has weakened, with loyalty favored over competence.

Structural
constraints

7



Georgia's political elite remains disconnected from the broader public, a legacy of the Soviet era. After the demise of the Soviet Union in 1991, donor-dependent NGOs rather than grassroots groups came to civil society. Bottom-up groups have struggled to bridge this gap, hindered by low public trust in institutions and limited participatory engagement. Civil society organizations (CSOs) have not expanded their outreach beyond urban areas, partly due to resource constraints and public apathy.

Mass mobilizations, such as protests against election fraud (2003, 2020, 2024) or hydropower projects (2020 – 2021), highlight sporadic civic activism. However, Georgia lacks the strong voluntary associations and public debates necessary for consensus-building. Civil society remains concentrated in Tbilisi, often neglecting impoverished rural populations with traditional and collective identities.

CSOs continue to depend heavily on Western funding and advocacy for individual freedoms, while facing growing pressure from the ruling Georgian Dream (GD) party and pro-Russian actors. The GD government has attempted to discredit NGOs by labeling them as opposition-affiliated or corrupt, and by trying to limit their influence.

As a result, democratic institutions, lacking strong civic backing, have over time become tools of political elites. Today, CSOs remain among the few checks on power, but operate under growing constraints. Strengthening civil society requires broader societal engagement beyond the capital, and the political efforts to undermine its role must be overcome. The latest wave of protests has led to an increase in self-organization. It remains to be seen how resilient the resulting groups will be when confronting the increasingly authoritarian regime of the GD.

Georgia's lack of a consensus-building tradition has fueled social, ethnic and religious divisions, leading to confrontations over personal and political issues. While memories of extreme violence in the early 1990s have instilled caution, renewed violence has occurred, including the 2008 Russo-Georgian war; police crackdowns on protests in 2007, 2010, 2019, 2021 and especially in 2023 and 2024; and the routine use of torture under Saakashvili. However, the root causes of this violence remain publicly unexamined. Fears of war were instrumentalized in the GD election campaign 2024 against all other competitors.

Polarization between the ruling GD party and Saakashvili's UNM has spread to all opposition and civil society, reversing democratic institution-building. The political crisis, intensified by clear election fraud in 2024, led to mass protests. Although the situation was initially volatile, civic movements avoided widespread violence. However, GD's branding of critics as part of a "global war party" deepened divisions.

Instead of addressing grievances, GD has signaled its intent to suppress dissent by weaponizing state power against protesters. The failure to hold security forces accountable for grave abuses further fuels tensions. Meanwhile, Russia – seen as

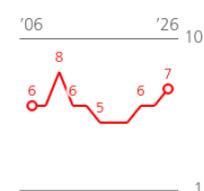
Civil society traditions

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Conflict intensity

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Georgia's primary security threat – maintains military bases in Abkhazia and South Ossetia and engages in hybrid interference. Moscow openly supports GD's authoritarian shift, further complicating Georgia's democratic trajectory.

The GD practice of targeting the political opposition, CSOs, independent media and any active individuals as culprits to be suppressed and dramatically silenced has spoiled the political climate – culminating in the rigged parliamentary elections of 2024.

II. Governance Performance

14 | Steering Capability

The Georgian government, led by the Georgian Dream (GD) party, showed limited strategic capacity to prioritize and implement coherent long-term policies, despite having formal mechanisms in place. While institutions such as the Strategic Planning and Policy Coordination Unit within the Government Administration and sector-specific ministries (e.g., Economy, Foreign Affairs and Defense) are mandated to coordinate planning, their effectiveness remained constrained by political interference and short-term tactical maneuvering.

Though Georgia has adopted strategic documents – such as EU integration roadmaps, national security strategies and action plans – implementation has been inconsistent. The EU Association Agreement framework provides a blueprint for reforms, yet alignment with these goals has been undermined by GD's authoritarian drift. Strategic planning has suffered from a lack of coordination; weak interagency cooperation; and the marginalization of expert bodies, civil society and opposition voices in policymaking.

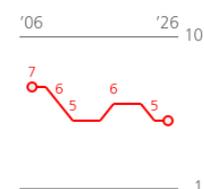
The Parliamentary Budget Office and line ministries are responsible for aligning budget allocations with national priorities. However, in practice, budgeting and resource allocation have favored political loyalty and elite interests over evidence-based planning or reform impact.

National security planning lacks a central strategic vision. While the National Security Council was formally reactivated, it remains under the political influence of the ruling elite and has failed to guide cohesive responses to Russian hybrid threats or disinformation.

Question
Score

Prioritization

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Georgia's efforts to implement effective reforms have been consistently undermined by political interference, particularly within the civil service. A notable example is the dismissal of civil servants following their public support for Georgia's European integration. In late 2024, about 60 employees of the Ministry of Defense who signed a petition advocating the country's Euro-Atlantic course were dismissed under the pretext of reorganization. Similarly, staff from the Ministry of Justice saw their contracts go unrenewed after expressing dissent against government decisions.

Legal amendments proposed in December 2024 made such politically motivated dismissals even easier. The ruling Georgian Dream party introduced changes to the Law on Public Service, simplifying the reorganization process and reducing protections for civil servants. Critics argue that these amendments legitimize political purges and diminish the independence of the civil service.

Additionally, the civil service has been plagued by frequent staff turnover, resulting in weak institutional memory and poor coordination. A 2019 Public Administration Reform (PAR) monitoring report highlighted delays in drafting laws, inconsistent planning and challenges in finding qualified experts. These issues are made worse by the use of public servants as "administrative resources" to further political agendas, which undermines meritocratic principles and effective governance.

The cumulative effect of these practices has been a significant erosion of public trust and a weakening of institutional effectiveness, hindering implementation of Georgia's reform efforts and alignment with European standards.

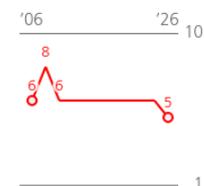
The GD government has demonstrated limited innovation and flexibility in policymaking. While it temporarily made some efforts to align with European standards, its resistance to institutional reforms and focus on political survival has hindered meaningful policy learning and adaptation. It lacks effective monitoring and evaluation mechanisms, particularly regarding governance failures and human rights abuses. Despite recurring protests and public discontent during the review period, GD did not engage in critical self-assessment or policy adjustments, instead opting for repression over dialogue.

Although Georgia has formally pursued EU integration, GD's governance style has often contradicted European democratic principles. Rather than adopting best practices in institutional development, the government has increasingly distanced itself from Western democratic norms, and GD's authoritarian tendencies have further weakened incentives for learning from international cooperation.

Academic and policy experts have largely been sidelined, as GD favors internal decision-making over evidence-based governance. Critical voices have often been dismissed as being foreign influenced or politically motivated, limiting opportunities for informed policy adjustments. GD's response to protests and the 2024 political crisis demonstrated rigidity rather than adaptability. Instead of addressing public

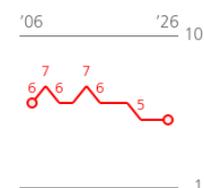
Implementation

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Policy learning

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grievances through reforms, GD doubled down on suppressing dissent and consolidating power. Thus, policy learning was minimal and largely coincidental rather than institutionalized. The GD government prioritizes political control over innovation, leading to stagnation in governance and missed opportunities for democratic and social progress.

15 | Resource Efficiency

During the reporting period, the GD government’s use of human, financial and organizational resources was inefficient due to political interference, weak financial oversight and administrative mismanagement.

The civil service remained highly politicized. Politically motivated dismissals increased in frequency, especially following mass protests, as GD used “restructuring” to purge officials deemed disloyal. Recruitment lacked transparency, with meritocratic principles often disregarded in favor of political loyalty. Personnel expenses remained high relative to public service quality, weakening administrative efficiency.

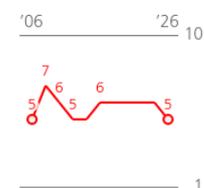
While the state maintained a manageable level of debt, budget transparency declined. Independent auditing institutions faced political pressure, reducing their ability to ensure accountability. Budget planning and execution lack transparency, with deviations from planned expenditures due to ad hoc spending on political priorities rather than public needs. Corruption concerns persist, particularly with regard to state contracts and public procurement.

The public administration has been weakened by excessive centralization and political interference. Local self-governance entities are underfunded and lack autonomy, limiting responsiveness to regional needs. Rather than modernizing governance structures, the GD government has focused on consolidating power – sidelining independent institutions and oversight mechanisms.

Although the state has maintained financial stability, inefficiencies in human resource management, a lack of fiscal transparency and political interference in administration significantly undermine the government’s ability to use resources effectively. Governance failures, rather than structural limitations, were the primary cause of inefficiency.

Efficient use of assets

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Since coming to power in 2012, the Georgian Dream (GD) government has struggled with policy coordination. Following the 2013 constitutional reforms, the prime minister's office has relied on top-down methods, yet horizontal communication between state agencies and local authorities has remained weak. Efforts to implement the National Development Strategy, updated in 2022 to align with EU standards, led to some technocratic improvements, but governance inefficiencies have persisted, particularly in rural areas due to a shortage of competent staff.

From February 2023 onward, GD has failed to balance conflicting objectives, prioritizing political consolidation over policy coherence. Security concerns have been handled with excessive efforts to maintain control, undermining civil liberties. Economic policies have lacked consistency, as political instability has led to declining investor confidence and negated short-term stability measures.

Administrative coordination suffers from clientelist management and informal decision-making. Government agencies operate in silos, with key decisions made by GD leadership rather than through institutional channels. Frequent political purges have disrupted institutional memory and prevented stable policy frameworks.

Accountability mechanisms have been weakened as GD has centralized power, sidelined independent institutions and limited oversight opportunities. Unclear divisions of responsibility have led to inefficiencies, mismanagement and redundancies, while critical reforms – such as judicial improvements – have been neglected.

Thus, policy coordination under GD has remained highly centralized and politically driven, resulting in contradictions, weak administrative coherence and governance inefficiencies that hinder effective policymaking.

The GD government's efforts to contain corruption remain inadequate, as political interference, weak enforcement of integrity mechanisms and declining transparency have undermined anti-corruption measures.

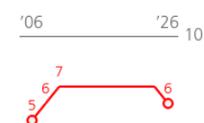
Independent auditing institutions faced increasing political pressure during the review period, limiting their effectiveness. Although formal auditing structures exist, their findings were often ignored or selectively enforced, reducing accountability.

Party financing remains opaque, with allegations that illicit funding is benefiting the ruling GD. Enforcement of financial regulations has been selective, targeting opposition parties while the GD has faced little scrutiny.

Government transparency has declined, with restricted access to public information and increasing pressure on independent media. Investigative journalists and civil society organizations such as the Institute for the Freedom of (Public) Information faced open harassment in 2024, reducing their ability to expose corruption.

Policy coordination

6



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Anti-corruption policy

4



1

Asset declaration mechanisms and conflict of interest regulations exist, but are inconsistently enforced. High-level officials are rarely held accountable, and legal loopholes allow undeclared assets and illicit financial practices to persist without consequence. Codes of conduct remain largely symbolic, with little real impact on government behavior.

Public procurement processes lack transparency, with politically connected businesses benefiting from state contracts. Competitive bidding processes are often bypassed, increasing the risk of corruption.

Despite the existence of formal anti-corruption mechanisms, they are undermined by weak enforcement and political influence, diminishing their effectiveness. Rather than strengthening institutional integrity, GD focuses on consolidating power, allowing corruption to persist largely unchecked.

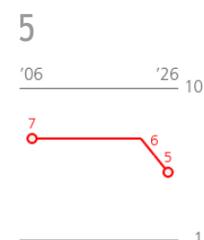
To implement one of the priorities defined by the European Union, the GD created the Anti-Corruption Bureau (ACB); however, it has proved ineffective, remaining under the effective control of the GD party. During the pre-election period, it was used as a tool to intimidate CSOs observing elections. Since December 2024, the ACB has de facto blocked access to officials' declarations, claiming technical errors.

16 | Consensus-Building

Between February 2023 and January 2025, major political actors in Georgia remained deeply divided over democracy and the market economy as long-term strategic goals. While most political actors formally endorsed democratic principles, deep polarization undermined genuine democratic consolidation. The ruling GD increasingly deviated from democratic norms, engaging in judicial manipulation, media suppression and violent crackdowns on protests. Opposition parties, civil society groups and pro-European segments of the public strongly supported democratic reforms, but their influence was countered by GD's efforts to centralize power. Democratic backsliding, including electoral irregularities and politically motivated prosecutions, further eroded the consensus on democracy as a shared goal.

Georgia's major political actors broadly accept the principles of a market economy, but state interference and political favoritism have distorted competition. GD continues to engage in business-friendly rhetoric but has favored politically connected enterprises, undermining fair competition. Opposition parties generally support market-driven reforms and EU economic integration, while Russia-aligned actors seek closer ties with Moscow's state-controlled economic model. The lack of a level playing field in public procurement and business regulation has fueled concerns over corruption and economic mismanagement. Although democracy and a market economy remained official goals, the GD government's actions contradicted these commitments. The state's growing authoritarian tendencies and selective economic favoritism have weakened consensus on both fronts. While pro-democracy and market-oriented forces remained active, their influence was curtailed by GD's consolidation of power.

Consensus on goals



During the reporting period, reformers in Georgia faced major obstacles in countering anti-democratic actors. The ruling Georgian Dream (GD) party, under the influence of oligarch Bidzina Ivanishvili, adopted authoritarian measures, suppressed dissent and undermined democratic institutions while pivoting toward Russia.

In March 2023, GD introduced a foreign agent law targeting organizations that receive foreign funding, reminiscent of Russia’s legislation on the same topic. Despite protests, the law passed in May 2024, sparking unrest and crackdowns on the opposition and media. The October 2024 parliamentary elections were marred by fraud allegations, deepening public distrust. In November, GD suspended EU accession talks until 2028, igniting further protests. The government’s harsh response, including arrests of opposition leaders, signaled the rapid shrinking of the country’s democratic space.

Reformers, including pro-Western President Salome Zourabichvili, tried to resist GD’s consolidation of power. The government obstructed efforts seeking dialogue or reform, and international sanctions had little effect. Despite its historic support for GD, the Georgian Orthodox Church (GOC) rejected Ivanishvili’s 2024 proposal to declare it the state religion, fearing state interference. However, GD continued leveraging Orthodox nationalism and failed to protect LGBTQ+ activists from GOC-inspired homophobia.

Right-wing extremist groups previously instrumentalized by GD, including organizations such as Georgian March and Alt-Info, were marginalized as GD co-opted their nationalist rhetoric to discredit reformists. Using the slogan “Toward Europe in Dignity,” GD framed reformers as enemies of the people, further undermining democratization efforts. Reformers remained unable to exclude or co-opt anti-democratic actors as GD tightened its grip on power.

Between February 2023 and January 2025, Georgia’s political leadership largely failed to moderate cleavage-based conflicts. Instead, polarization deepened as the ruling Georgian Dream (GD) party exacerbated societal divisions for political gain.

Ethnic and regional cleavages persisted, particularly regarding Georgia’s occupied territories of Abkhazia and South Ossetia. The government maintained nationalist rhetoric but failed to implement meaningful reintegration policies, leaving ethnic minorities marginalized. Political cleavages also intensified, with GD framing pro-Western reformers as foreign agents and opponents of Georgia’s sovereignty.

Class and economic divides widened amid uneven economic growth and growing public discontent. While GD maintained support among rural and conservative voters, urban middle-class reformists increasingly mobilized against its policies. The government’s restrictive measures against NGOs and independent media further alienated segments of society.

Anti-democratic actors

4



Cleavage / conflict management

3



Religious cleavages also played a role as GD sought to align itself with the influential Georgian Orthodox Church (GOC) while marginalizing liberal and secular voices. The rejection of GD's 2024 proposal to grant the GOC official state religion status demonstrated internal tensions, though the church continued to support nationalist rhetoric. Additionally, GD's failure to protect LGBTQ+ activists from GOC-inspired homophobia underscored its unwillingness to bridge cultural divisions.

Rather than depolarizing conflicts, GD's leadership reinforced divisions in order to consolidate its own power, for instance by exploiting nationalist narratives and cracking down on opposition forces. As a result, Georgia remains highly polarized, with cleavages deepening rather than moderating under the ruling party's leadership. It is noteworthy that depolarization was one of the EU requirements for Georgia to move forward; however, no meaningful steps have been taken by GD. On the contrary, the GD government has increased and instrumentalized polarization for its political gains.

Georgia's current political leadership has largely sidelined civil society actors in policymaking, limiting their influence on agenda-setting, policy formulation and implementation. The GD party has increasingly treated civil society organizations, independent media and professional associations as adversaries rather than partners in governance.

Despite long-standing traditions of civic engagement, the government has systematically excluded CSOs from decision-making processes. The controversial foreign agent law, introduced in March 2023 and passed in May 2024, is emblematic of this exclusion. It restricts the activities of NGOs and independent media, branding them as foreign-influenced entities and curbing their ability to contribute to policymaking.

Efforts at deliberation have also been undermined by GD's consolidation of power. Key policy decisions, including the suspension of EU accession talks in November 2024, were made without meaningful consultation with civil society groups advocating for European integration. Likewise, professional and academic communities were sidelined in discussions on economic and social policies, with the government favoring closed-door decision-making.

Religious institutions, particularly the Georgian Orthodox Church (GOC), remain influential, but were selectively engaged by the state based on their alignment with GD's nationalist agenda. However, the GOC's rejection of GD's offer to declare it the state religion in 2024 highlighted the limits of this relationship.

Overall, civil society actors faced increasing restrictions during the review period, and their role in governance declined.

Rather than fostering inclusive policymaking, Georgia's leadership has prioritized control over consultation, deepening tensions between the state and civil society. In 2025, GD initiated legislative amendments removing the ability of CSOs to participate in formal decision-making procedures (competition commissions, proposing candidates for some official positions, etc.)

Public
consultation

3



Georgia's political leadership made little progress in advancing reconciliation between victims and perpetrators of past injustices. Instead of addressing historical grievances, the ruling GD party has exploited divisions for political gain, further deepening societal polarization.

During the review period, no substantial efforts were made to achieve justice for victims of Soviet-era repression or the conflicts in Abkhazia and South Ossetia. While GD maintained a nationalist stance on these occupied regions, it failed to engage meaningfully with displaced persons or work toward reconciliation with local populations. In addition, relations with Russia remained strained, and no diplomatic steps were taken to address wartime atrocities or establish transitional justice mechanisms.

Domestically, GD's authoritarian tendencies heightened tensions with opposition groups and civil society. Political persecution, including the imprisonment of opposition leaders and pressure on independent media, prevented any meaningful dialogue on past or present injustices. The government's handling of the controversial foreign agent law and the violent crackdowns on protesters in 2024 further eroded trust between state authorities and marginalized groups. In February 2025, a commission to investigate alleged crimes committed during the previous United National Movement's rule (2003 – 2012) was established in the one-party GD parliament to collect evidence and create a pretext to ultimately ban the UNM party.

The Georgian Orthodox Church (GOC), an influential actor with the potential to contribute to societal cohesion, played an ambiguous role. While some clerics criticized state violence, the church continued to align itself with nationalist rhetoric and offered little space for reconciliation efforts.

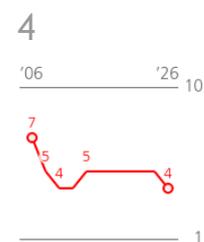
Claiming exclusive political representation of the nation, GD prioritizes political expediency and the consolidation of its own power rather than pursuing reconciliation, leaving past grievances unresolved and societal divisions unhealed.

17 | International Cooperation

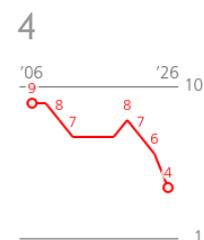
During the review period, Georgia's political leadership failed to leverage international support effectively on behalf of a coherent long-term development strategy. While Georgia has historically pursued European integration and economic modernization with international assistance, the ruling GD party increasingly distanced itself from Western partners – prioritizing short-term political gains over sustainable development.

Despite past commitments to EU accession that were acknowledged via the granting of EU candidate status in December 2023, GD's decision in November 2024 to suspend EU talks until 2028 clearly signaled a shift away from international

Reconciliation



Effective use of support



cooperation, with lasting impact. This move undermined reform programs linked to EU and U.S. technical and financial assistance, stalling progress on governance, infrastructure and economic modernization. The rejection of key EU-recommended judicial and anti-corruption reforms further demonstrated a lack of commitment to long-term institutional strengthening.

International development projects continued in areas such as energy, transport and education, but GD's inconsistent policies and increasing authoritarianism limited their impact. Western donors grew reluctant to engage deeply, particularly after the May 2024 passage of the foreign agent law, which restricts civil society and independent media, both of which are key partners in international cooperation activities. Several EU member states have announced they are suspending or stalling development programs with the GD government.

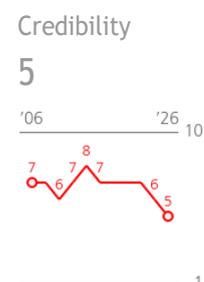
GD's pivot toward Russia and China has led to alternative economic agreements, but these lack clear long-term developmental roadmaps. Instead, rent-seeking behavior and opaque dealings characterize the new partnerships.

Rather than integrating international assistance into a strategic vision, GD's leadership has prioritized its own political survival, which has hindered sustainable development and strained relations with Georgia's traditional Western allies.

During the review period, Georgia's credibility as an international partner declined due to inconsistent policies, democratic backsliding and strained Western relations. The ruling GD party's unilateral suspension of EU accession talks from November 2024 until December 2028 signaled a departure from prior commitments. This, along with the passage of the foreign agent law and crackdowns on opposition and media, eroded trust among Western allies. Conversely, it significantly improved the image of Georgia's ruling clique in Moscow – and, by extension, to some extent in China.

Georgia's adherence to international agreements became more selective. While maintaining trade and investment agreements, its growing alignment with Russia and China raised concerns. The European Union and United States criticized the GD government for failing to meet democratic and judicial reform commitments tied to aid and development. Cooperation with human rights bodies weakened as GD dismissed international criticism. In January 2025, Georgia's delegation to the Parliamentary Assembly of the Council of Europe (PACE) withdrew in response to that body's calls for early elections by April 2025.

Despite setbacks, Georgia upheld certain economic and security obligations, including participation in climate agreements and peacekeeping efforts. However, the GD government's political trajectory and deviation from democratic norms damaged its reputation. Ultimately, Georgia's international standing deteriorated due to policy inconsistencies and weakened democratic commitments, increasing skepticism among Western allies while fostering closer but opaque ties with Russia and China – notably in transport infrastructure projects such as the Anaklia Deep Sea Port.



Since 2023, the GD leadership has adopted a selective and increasingly transactional approach to regional cooperation, prioritizing political survival over consistent diplomacy. Relations with Armenia and Azerbaijan have remained pragmatic, with Georgia maintaining its role as a neutral mediator in regional disputes, particularly regarding Nagorno-Karabakh. Economic cooperation, including trade and energy transit projects, has continued, though political tensions in the South Caucasus have limited deeper integration.

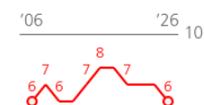
However, relations with Western-leaning neighbors such as Ukraine and Moldova suffered due to Georgia's democratic backsliding. GD's reluctance to support Ukraine against Russian aggression and its crackdown on domestic pro-European opposition strained ties with Kyiv. Cooperation within regional organizations like the GUAM Organization for Democracy and Economic Development weakened as GD deprioritized European integration.

Meanwhile, Georgia's stance toward Russia became more ambiguous. Although the GD government did not formally restore diplomatic relations, economic ties deepened in the form of increased trade and tourism flows, including a backdoor opened by shady Georgian dealers to circumvent Western sanctions on Russia. This shift, along with GD's nationalist rhetoric and the suspension of EU accession talks in November 2024, fueled suspicions that Georgia was drifting closer to Moscow's orbit.

Despite its participation in economic initiatives like Black Sea regional cooperation, Georgia's broader commitment to regional and international integration weakened. Although pragmatic economic ties persisted, GD's inconsistent foreign policy, democratic decline and strategic ambiguity toward Russia undermined its credibility as a reliable regional partner.

Regional cooperation

6



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Strategic Outlook

Georgia stands at a critical juncture as deepening authoritarian tendencies, state capture and political polarization threaten democratic progress. While public mobilization and civic awakening offer an opportunity for positive transformation, reversing the current autocratic drift will require targeted strategies from both domestic and international actors. The goal must be to reinvigorate civic-based statehood, reinforce rule-based governance and realign Georgia with its European path.

Domestic actors committed to Georgia's European path should seek to rebuild democratic governance from the ground up. Civil society should build on the momentum of recent protests to foster broad-based civic coalitions that transcend party lines and identity politics. Local NGOs, media, student unions and professional associations can collaborate on issue-based campaigns (e.g., on topics such as anti-corruption, media freedom or environmental protection) that resonate with citizens in urban and rural areas alike.

Pushing for decentralization reforms and protecting municipal autonomy would help dilute the concentration of power in Tbilisi. Independent local governments could serve as democratic strongholds against central authoritarianism. Donors and reformers should support regional CSOs and watchdogs that monitor local budgets, service delivery and patronage networks.

Opposition parties must overcome personalist fragmentation and unite under a pro-democracy civic renewal platform. Leaders such as ex-President Zourabichvili, though politically constrained, can serve as moral conveners. A principled, inclusive opposition front could rebuild trust and prepare for credible electoral challenges, especially if future elections are manipulated or boycotted.

Where access to formal institutions is blocked, civic and opposition actors should develop parallel policy structures – such as shadow cabinets, open parliaments or participatory budgeting platforms – to demonstrate capacity and readiness to govern.

International actors should maintain conditional engagement and support civic resilience. The European Union should recalibrate its conditionality and leverage, tying all future funding and institutional support to verifiable commitments on media freedom, civil society protection and judicial independence. Sanctioning key oligarchic actors – for example, Ivanishvili and his economic networks – could serve as a deterrent while shielding the broader population from economic fallout.

The international donor community should support strategic civic infrastructure and focus on long-term investments in civic education, independent media, digital security and investigative journalism. Small-scale, grassroots projects – especially outside Tbilisi – can help build democratic resilience from below.

With the decline of principled foreign policy at the national government level, NATO and EU states should explore alternative formats for cooperation with democratic actors in Georgia – such as city-to-city partnerships, think tank exchanges, and support for alternative defense and disinformation units – in order to sustain the country’s Euro-Atlantic ties even as the central government backslides. This could also serve to build strategic security partnerships.

To create a safe political space through diplomatic pressure, Western governments must publicly support persecuted civil servants, journalists and opposition figures, pressing for legal and human rights guarantees. Quiet diplomacy should be paired with high-visibility political backing for civic voices and democratic reformers.

While the authoritarian drift is real and dangerous, Georgia’s civic awakening reveals a powerful countercurrent. The country still has a pro-European population, a mobilized youth sector and independent voices that can anchor long-term transformation. What is now needed is a strategic alignment between civic actors and international partners, focused not just on resisting authoritarianism but on building a pluralist, just and competent state – from the ground up.