

Development Cooperation Strategy for Georgia 2022–2025

Georgia situation analysis

The EU–Georgia Association Agreement agenda for 2017–2020 is currently being implemented and a new agenda for 2027 is being prepared, with a gradual transition from legislative development to implementation of the already adopted EU *acquis*.

Georgia is often cited as the most advanced country in terms of reforms, and the most stable and firmly supportive partner for EU and NATO integration (according to public opinion polls, 70–80 % of the Georgians surveyed support integration into Euro-Atlantic structures). The country’s intention to become part of the Euro-Atlantic structures is enshrined in the Constitution; in 2024, Georgia intends to apply for EU membership and to become an EU candidate in 2030. To remain a leader among the Eastern Partnership countries, Georgia needs to increase its financial and (most importantly) political efforts to implement structural reforms.

However, the country’s protracted internal political polarisation undermines public confidence in the state and state institutions, which has so far led to insufficient capacity-building to implement reforms. This has a negative impact on the image of Georgia in the capitals of the Western partners.

The country’s GDP contracted by 6.2 % to USD 4,275 per capita in 2020; the official unemployment rate stood at 21.3 %, rising to 22.1 % in the second quarter of 2021 despite the economic recovery. High unemployment leads to high levels of poverty, social tensions and debates about the sustainability of the country’s declared Euro-Atlantic orientation. The capital Tbilisi, with a population of 1.5 million, is becoming a major attraction, and the prosperity of the regions depends on the demand for labour, either in the capital or abroad. It is true that the population confidence index is rising in 2021, with the economy growing by 12.2 % (January–July), but labour migration abroad also remains high.

An important aspect is the action of international partners to consolidate initiatives and a common approach between the state and its population to resolve frozen conflicts.

Activities of international donors, in particular of the EU, in the country

There is a large international donor community in Georgia, including many UN organisations (UNICEF, UNDP, WHO, World Bank, Asian Development Bank – more than 20 in total), the EIB, EBRD, etc., as well as the representative offices of foreign NGOs (the USA, Germany, France, the Netherlands, Norway, Switzerland, and Sweden).

The EU Delegation, EU Member States, Norway and Switzerland, in discussions with the Donor Coordination Group of the Georgian Government, identified priority areas and areas for development cooperation and assistance in line with the donor coordination framework of the Georgian Government, the priorities of the Eastern Partnership, the agenda of the Association Agreement and the objectives of the UN’s Development Cooperation Goals for the years 2021–2027:

- 1) sustainable use of natural resources (environment and energy);
- 2) sustainable and inclusive economic growth (DCFTA, development and inclusion of SMEs,

- reduction of barriers in the business environment);
- 3) enhancing human potential (education and vocational training);
- 4) the rule of law (legal reform and business law);
- 5) social welfare (public health and social security);
- 6) good governance (public administration reform, governance, integrity and anti-corruption).

The first three themes (mostly the first) are the ones on which the Georgian Government and international donors are focusing their attention. The *Green Deal* is identified by consensus as a priority.

Needs of the partner country

The country's **main challenges** are as follows: strengthening the rule of law, strengthening democracy, reducing political polarisation, ensuring the independence of the legal system, developing social and medical services, promoting and diversifying exports, attracting foreign investment, reducing poverty and social exclusion.

In the context of the domestic policy context, the EU, together with local partners, has identified additional development cooperation activities to support the consolidation of political will for the timely implementation of reforms (most notably in the areas of elections and justice) and the legal framework. Three key actions have been identified: 1) support for the creation of accessible services for the population, 2) the fight against poverty, 3) reduction of socio-economic exclusion in rural regions and urban areas (Tbilisi, Batumi).

Potential niches for Lithuania's contribution (partnership): needs of the partner country or society, activities of other donors and opportunities for engagement of the Lithuanian public sector, NGOs and business

In line with the EU Development Cooperation Guidelines and programmes, pursue targeted activities that fully meet Georgia's needs:

- strengthening institutional capacity for Euro-Atlantic integration;
- transfer of Lithuania's experience in environmental protection and energy efficiency;
- strengthening democracy and civil society (including minorities) as well as information resilience.

Content and objectives of Lithuania's development cooperation activities

The funds under the Development Cooperation and Democracy Promotion Programme 2005–2020 of the Ministry of Foreign Affairs were used to fund more than 200 development cooperation projects in Georgia for EUR 2.2 million in the following areas: support for the Euro-integration process by strengthening administrative capacity; support for regional development; strengthening democracy and civil society, combating misinformation; promoting women's economic and social participation; health care; economic development; and environmental protection.

Lithuanian institutions in Georgia have been awarded 11 EU Twinning projects: road safety (2021 PL), strengthening cyber security (2020 AT), support to the Competition Agency (2020 AT), regulation of the blood safety system (2019 NL), reforming and strengthening of the civil service

(2018 LT/European Social Fund), and technical and construction supervision of consumer rights (2017 UK), electronic communications regulation (2017 DE/PL), sustainable forest management (2016 HU), energy and water price regulation (2015 AT), emergency management (2012 FR) and metrology and standardisation (2010 DE).

Since 2017, the Climate Change Fund administered by the Ministry of the Environment has financed 8 projects worth EUR 1.5 million to install solar energy technologies in schools, war refugee camps, the University of Tbilisi, the Rugby Union buildings and the Ministry of the Interior. The projects were implemented by Lithuanian companies. This experience helped to establish and develop business relations in Georgia and to strengthen Lithuania's image in the country.

Around 30 Lithuanian municipalities have cooperation partners in Georgia; this serves as the basis for transferring the accumulated experience in regional development and reform. The most active contacts are between the Alytus District Municipality and the Ozurgeti Municipality.

Lithuania's development cooperation policies in the partner country for 2022–2025 (up to 3 directions)

Lithuania's strategic objectives for development cooperation are based on Georgia's needs, the Programme of the Government of the Republic of Lithuania and the EU's Neighbourhood Policy priorities.

The key principles are as follows: 1) to increase targeted support for Euro-integration and the development of democracy and freedom in the EU neighbourhood; 2) to reduce fragmentation of development cooperation and to build on long-term objectives; 3) to take into account the EC *Team Europe* principles in the planning of activities; 4) to prioritise specific changes in targeted areas where the added value of Lithuania's experience from the transition period is evident; 5) to share *public sector expertise*; 6) to maintain coherence and targeting of bilateral interventions; 7) to actively use existing development cooperation instruments such as EU Twinning projects and delegated cooperation in EU projects; 8) to apply in parallel the provisions of the EU's Gender Equality Action Plan (GAP III); 9) to apply in parallel the EU's Green Deal, promoting the sustainable use of natural assets, recycling and the use of recycled materials.

The sectoral priorities of Lithuania's development cooperation strategy in Georgia are as follows:

STRATEGIC PRIORITY 1: STRENGTHENING GEORGIA'S ADMINISTRATIVE AND INSTITUTIONAL CAPACITY IN IMPLEMENTING REFORMS RELATED TO THE ASSOCIATION AGREEMENT AND THE DEEP AND COMPREHENSIVE FREE TRADE AREA, TRANSFERRING EXPERIENCE IN THE AREA OF PUBLIC SECTOR REFORMS

Objective: To support the implementation of the EU-Georgia Association and Deep Cooperation and Comprehensive Free Trade Area Agreement (AA/DCFTA) and its reforms, and to strengthen the administrative capacity of public institutions.

Activities: 1) to exchange knowledge and experience in optimising the public sector, bringing it closer to EU standards; 2) to promote the benefits of the AA/DCFTA by opening up new markets to gradually move towards becoming part of the EU internal market; 3) to provide support for reforms to enable the rule of law, to encourage active involvement in the transfer of experience in reforming and modernising the justice system and the police, customs, strengthening civil service and protection

of consumer rights; 4) to actively engage in the implementation of programmes and projects funded by international donors, in particular the EU; 5) to continue investment in the sustainable use of natural resources; and support in the fight against climate change: public education; cooperation with the authorities, private sector (producers, importers) and NGOs; 6) to further implement solar power plant projects financed by the Climate Change Fund (Ministry of Environment), assisting in attracting business through the development of renewable energy, landfill management (biogas) initiatives, while being involved in the *Team Europe* initiatives in the field of environmental protection and renewable energy; 7) to transfer Lithuania's experience for successful regional development and strengthening of self-government; 8) to strengthen the country's competences in radiation safety and nuclear safety.

STRATEGIC PRIORITY 2: SUPPORTING DEMOCRACY AND STRENGTHENING CIVIL SOCIETY'S RESILIENCE TO DISINFORMATION

Objective: To involve civil society in governance and reform processes, strengthening of democracy, the fight against corruption, the promotion of the rule of law, and to support independent media and the capacity of leaders to communicate strategically. It is also sought to teach young people about European values and freedoms.

Activities: 1) to exchange knowledge and experience in order to strengthen civil society and support initiatives aimed at promoting EU values; 2) to support cooperation projects between NGOs in the field of gender equality; 3) to support large-scale regional projects and programmes aimed at increasing journalistic literacy and strengthening civil society's resistance to disinformation; 4) to provide support to independent media; 5) to strengthen the Government's strategic communication; 6) to involve the public service broadcaster, LRT, which offers high-quality, meaningful content on television, radio and news portals, in the transfer of experience to Georgia and in the creation of an impartial field of information and public opinion in Georgia.