ფონდი "ღია საზოგადოება-საქართველო"
OPEN SOCIETY GEORGIA FOUNDATION

European Neighbourhood Policy: Implementation of the Objectives of the EU-Georgia Action Plan

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Content

About the document

The present document is the third in a series of reports prepared by Open Society – Georgia Foundation. It contains an assessment of the implementation of the EU-Georgia Action Plan (ENP) by experts from Georgian non-governmental organisations.

The document was prepared in October-November 2009 on the basis of interviews and consultations with representatives of the civil sector and the government to serve as a shadow report on the results of the NGO monitoring of media freedom, economic development and parliamentary oversight (including the field of national security and defence). The report's conclusions and recommendations are based on the extended experience, knowledge and expertise of the Georgian NGOs.

The report identifies and analyses the problems that hampered the implementation of Georgia's international obligations in 2008-2009 in the following priority areas:

1) Development of a free institutional environment for the efficient functioning of media organisations.
2) Measures to improve the business and investment climate, stimulate economic growth, reduce poverty, ensure social equality, facilitate sustainable development, and harmonise economic legislation and administrative regulations.
3) Reinforcement of parliamentary oversight as a way to establish good management practices in the field of national security and defence and implement democratic control of armed forces, and expansion of EU-Georgia cooperation in battling common challenges.

Finally, the document includes recommendations for all stakeholders interested in the development of democratic institutions in Georgia, namely for the Georgian government and parliament, European Union and other western donors, and Georgian civil society.

The proposed report was prepared in frames of Open Society Georgia Foundation in-house project "Shadow Reporting on Fulfilment of Georgia's European Neighbourhood Policy Action Plan and Civic Involvement". Ms. Nino Danelia (*Georgian Institute of Public Affairs*), Mr. Revaz Sakhevarishvili (*Independent expert*), and Ms. Tamara Pataraia (*Caucasus Institute for Peace, Democracy and Development*) worked on studying the situation in relevant fields of ENP AP.

The proposed report is an updated version of the document submitted to the Directorates-General of the European Commission on November 30, 2009.

1. Promoting the Institutional Environment for the Operation of Independent Media within the Scope of the European Neighbourhood Policy Action Plan

1.1 Introduction

The aim of the present report is to evaluate the fulfilment of the obligations to create an independent institutional environment to support the operation of independent media assumed by the government of Georgia within the European Neighbourhood Policy (ENP). The report will emphasise those basic issues that remain a problem in the media to this day, as well as the importance of the role of civil society in the abovementioned process. Recommendations developed by media professionals are also presented in the report.

Implementation of the ENP Action Plan is important for Georgia for two reasons:

- ✓ The Plan's priorities are focused on creating and developing democratic institutions, which will promote the country's overall democratic development.

- ✓ It will influence Georgia's potential to integrate with the European Union.

Georgian government agreed to accomplish the following commitments as stated in ENP AP:

4.1.1 Ensure freedom of the media. Encourage proper implementation of the Law of Georgia on Broadcasting and the Law of Georgia on Freedom of Speech and expression; [1]

4.6.4 Information Society and Media:
Further progress in electronic communications policy and regulations. Development and use of Information Society applications

- ✓ *Adopt a national policy on the development of the telecommunications and IT sectors and further develop comprehensive regulatory framework including numbering, users rights, privacy protection and data security;*

- ✓ *Promote the use and exchange of views on new technologies and electronic means of communications by businesses, government and citizens in areas such as e-Business (including standards for e-signatures), e-Government, e-Health, e-Learning, e-Culture;*

- ✓ *Work towards adopting audiovisual legislation in full compliance with European standards with a view to future participation in international instruments of the Council of*

[1] http://www.delgeo.ec.europa.eu/en/trade/Booklet%20A4-2.pdf

Europe in the field of media. Promote an exchange of views on audiovisual policy, including co-operation in the fight against racism and xenophobia;[2]

1.2 Outside Factors Hindering the Development of an Independent and Free Media

According to an evaluation made by local and international organisations, media freedom remains a significant challenge despite the fact that Georgian legislation defends freedom of speech and expression (the Law of Georgia on Broadcasting, the Law of Georgia on the Freedom of Speech and Expression, Constitution of Georgia).

Georgian President Mikheil Saakashvili spoke about the need to reform the media environment in his address to the parliament made on July 20, 2009, when he underlined the need to create a more open and unbiased media.

The present part of the report discusses outside factors that significantly hinder the freedom and independence of the media in Georgia.

1.2.1 Georgian National Communications Commission

a) An independent body?

While the Law of Georgia on Broadcasting adopted on 23rd of December, 2004, establishes the independence of the Georgian National Communications Commission (GNCC), civil society questions its actual independence. For example, in 2008, the TV Company Maestro was refused a license modification for public and political programs, at the same time that the TV company Alania, which is loyal to the ruling party, continued to broadcast without a license for a year and a half. Further, on October 10, 2008, after a meeting with the parliamentary opposition and the Chairman of the GNCC, the chairman of the parliament announced that "a compromise" had been reached to allow Maestro to receive a license for political programming. Several months later, on July3, 2009 the GNCC granted Maestro a ten-year satellite broadcasting license, which will allow the station to expand its coverage from only Tbilisi and its suburbs. Thus, GNCC's decision was more of a political agreement and not a court decision. This was an ad hoc rather than a systemic decision. Political agreement in itself is not positive, because in such cases the rule of law is not ensured, but rather the will of political actors is taken into account. Such decisions depend on a good will of the ruling elite rather then on institutionalised regulations of the sphere. Subsequently it leaves room for manipulation: if the content of media production is not loyal to the governing elite it might occur that media outlet can be deprived of the license.

The situation can be improved by amending the Law on Broadcasting and stating that GNCC can issue only technical, general and not content-based (for example, political, entertainment, etc.) licenses. Otherwise, the GNCC is used as a tool for controlling or influencing the media content by governing elite.

[2] http://www.delgeo.ec.europa.eu/en/trade/Booklet%20A4-2.pdf

Civil society and international supervisory organisations have noted more than once that nomination and approval of candidates to the GNCC essentially constitutes state influence. Namely, the president nominates three candidates per vacancy and the parliament approves one. This type of election increases the possibility of political pressure upon the GNCC. The lack of transparency in the process coupled with limited interest on behalf of civil society allows political circles to more easily elect candidates of their choice.

b) *Known and unknown owners of TV companies affiliated with the ruling party*

According to Article 37 of the Law of Georgia on Broadcasting, the following are not entitled for a license in the field of broadcasting: administrative bodies, officers and employees of administrative bodies; legal entities affiliated with administrative bodies; political parties, individuals holding a political office. It is assumed that this article is specifically violated in a number of cases, especially in Georgia's regions where local public officials or influential representatives of the ruling party own shares in local media organizations.

The ownership of one of the most popular nation-wide TV companies Rustavi 2 is also associated with the ruling party. According to the data from the GNCC, 30% of the TV Company is owned by Georgian Industrial Group (GIG) LLC Holding Company, and 70% belongs to Degson Limited LLC. Davit Bezhuashvili, the brother of Gela Bezhuashvili (chairman of the Department of Intelligence of Georgia), is one of the founders of GIG. All that is publicly known about Degson Limited LLC is that it is registered in the British Virgin Islands[3].

Also, the identity of the legal owner of the second most popular national TV Company Imedi has been the subject of public concern for a long time. Since the 2008 death of Imedi's founder and owner, the well-known businessman Badri Patarkatsishvili, the dispute between his heirs and the Georgian state has been viewed in the London Court of International Arbitration. According to the statement made by the members of Patarkatsishvili's family, Joseph Kay, a distant relative of Patarkatsishvili, illegally acquired ownership of the TV company with help from the government. Then, in 2009, he subsequently sold 90% of Imedi to RAAK Georgia Holding, retaining 10% ownership[4].

The owner company of the Television Channel "Sakartvelo" that is regarded as the television channel of Georgian Defence Ministry is also registered in an off-shore zone.

According to the IREX's Media Sustainability Index, the lack of information about media ownership is a significant hindrance to the development of a free media in Georgia[5].

[3] TV in Georgia - Ownership, Control and Regulation // http://www.transparency.ge/index.php?lang_id=ENG&sec_id=215&info_id=545
[4] Imedi TV Changes Hands // http://www.civil.ge/eng/article.php?id=20475&search=Imedi%20TV%20ownership
[5] IREX: Media Sustainability Index 2009, annual report on Georgia // http://www.irex.org/programs/msi_eur/2009/EE_MSI_09_cauc_Georgia.pdf

The third national TV station, the Public Broadcaster does not have a private owner. It is managed by a director elected by a council of trustees. Presently, the latter is elected by the parliament dominated by one party. The President of Georgia declared the need to depoliticize the Public Broadcaster and suggested including one member of civil society on the council of trustees. He also noted that the remaining members of the council should be elected from among political parties on a parity basis. In his speech he also touched upon the issue of turning Channel 2 into a political channel through which "any political or public entity, including the least significant, will share his opinion with the general public, and an open discussion will be held"[6].

On September 22, 2009, the parliament increased the number of members of the council of trustees to fifteen, and the President presented the formula "seven plus seven plus one". The ruling and opposition parties will have a quota of seven members each to nominate their candidates, while civil society will have one. This was a positive change comparing to previous year, when the board members were nominated only by political parties. On December 18, 2009, the parliament elected not one, but three nominees advocated by non-governmental organisation Media-Club. Now, CSO's have three votes in the council that is regarded as a positive step towards complete depoliticization of the council of the Public Broadcaster. However, the process needs more efforts from the civil society in order to ensure the Law on Broadcasting's stipulation that the Public Broadcaster should be free of any political influence.

On December 25, 2009 Parliament also approved the amendment to the law on broadcasting ensuring that starting from 2010 the Georgian public broadcaster will be financed from the state budget with sum "not less" than equivalent to 0.12% of the country's Gross Domestic Product (GDP). In 2009 the parliament was allocating funds to the Public Broadcaster at its own discretion that contained threat of financial pressure over the staff of the public broadcaster and namely, its general management. Despite the fact that the approved amendment improves the structure of funding for Public Broadcaster and grants it with more financial independence in comparison with 2009, still it is very unclear, how the Public Broadcaster will be able to operate with quality its three channels with this amount of money (these TV channels are: 1st Channel; 2nd channel, which is planned as an analogue of the BBC Parliament or C-SPAN; and the 1st Caucasian Channel which will broadcast in Russian). In another words, if the GDP in 2010 will remain not less than it was in 2009 then GEL 22 million funding for the Georgian Public Broadcaster will be allocated from 2010 state budget. This will be less than GEL 25.5 million given to Public Broadcaster in 2009. So, on one hand the law has been improved, but on the other hand the financial situation of Public Broadcaster worsened (taking into account a fact that in 2010 Public Broadcaster has to fully launch two new channels with less amount of money than it had in 2009 when fully operating only one channel).

c) Licenses no longer issued

According to Article 3 of the Law of Georgia on Broadcasting, one of the duties of the GNCC is to "create and support the development of a competitive environment within the limits of its authority". However, since 2006 till present the GNCC has stopped issuing broadcasting licenses,

[6] Address to the parliament of Georgia H.E. Mikheil Saakashvili, President of Georgia. July 20, 2009 // http://www.president.gov.ge/?l=E&m=0&sm=3&st=0&id=2988

preventing the creation of new TV and radio broadcasters in the media space. In addition to the famous Maestro case, the GNCC denied licenses to two community radio stations that were supposed to broadcast information in Armenian, Azeri and Georgian languages for ethnic minorities in Kvemo Kartli and Samtskhe-Javakheti. Both of the community Radios were supported by European Commission and the International Research and Exchange Board (IREX) Europe and implemented by the BBC World Service Trust and Tbilisi – based Association Studio Re. The GNCC based its decision on market research and public interest. Namely, the GNCC stated that a competition for broadcast frequencies can be announced only after the survey of public opinion. According to the Law on Broadcasting GNCC should conduct a public opinion survey every two years and announce the results of the survey. Already three years passed since GNCC's decision in 2006 to stop issuing licenses. Thus, the decision remains the same and leaves room to think that GNCC based its decision again not upon the law, but upon the political view, not to allow community radios for ethnic minorities to enter the Georgian media space.

1.2.2 Media Market. Media Funding Sources

a) Advertising

Private TV stations are subsidised businesses. For this reason, media experts believe that their owners have political goals as opposed to commercial.

The majority of more than a hundred newspapers registered in Georgia are funded from the budget of local municipalities. That means that they are controlled by local municipalities and are not independent from them. At the same time, those newspapers that do not get funds from municipalities publish materials that contain acute criticism of the ruling elite. In general, Georgian print media is much more critical than TV Companies. This indicates greater freedom of the press in comparison with TV.

From the perspective of developing independence of Georgian media from political influence commercial advertising is better source of funding then funding coming from governmental institutions that have their political interests. However, the limited advertising market and political pressure on business translates into a weak base for the steady development of the media in Georgia.

The state policy on the media became clear in 2008, during the pre-election period. State institutions (the Ministry of Education and Science, the Ministry of Labour, Health and Social Affairs, the Ministry of Internal Affairs, the Ministry of Agriculture, the Tbilisi Municipality, etc.) spent 84% of the total funds allocated for advertising their activities on advertisements on Rustavi 2, and 10% and 5% on Imedi and Mze respectively. Other TV companies received only 1%, including Kavkasia which is considered an opposition TV station.[7]The owners of media with a critical attitude toward the state authority believe that state officers pressure businesses to not advertise on their stations.

[7] Data provided by TV MR GE, license holder of AGB Nielsen Media research in Georgia.

The situation generating profit from commercial advertising in the press is just as difficult. The reason of this is that on one hand, major customers prefer to pay for TV commercials then for print advertisements and on the other hand, the press has not yet developed marketing and advertising services. The war between Russia and Georgia and the economic crisis followed after the war have also negatively influenced the advertising situation, especially for regional press. The companies cut their advertisement budgets due to their poor financial state.

International funding acquires huge importance for the independent media. For example, the newspapers Batumelebi, Akhali Taoba, Samkhretis Karibche and the magazine "Liberali" manage to exist thanks to the support of international donors, which guarantees their financial independence and stability.

The same can be said about the independent studios of investigative journalism Monitor, GNS and Reporter. Their stories are broadcasted only on Kavkasia and Maestro. However, according to the Law of Georgia on Public Broadcasting, investigative journalism pieces must be broadcasted on public TV. The law is not implemented in practice and the Public Broadcaster has not broadcasted a single investigative story prepared either by its own staff or by any of independent studios.

b) *Distribution*

A major problem for the press is the absence of a newspaper distribution network. Limited circulation results in low profit.

By decision of the Tbilisi City Hall in 2009, old newsstands and kiosks where newspapers are sold will be replaced by new kiosks. One company, namely, White Distribution is implementing the project. The City Hall made the decision non-transparently, without announcing a tender. Tbilisi City Hall could create serious problems for distribution by allowing a monopoly on the distribution of magazines and newspapers. However, the Association of Georgian Press opposed to implementing the change and at present, kiosks ran by the White Distribution are operating together with the old newspaper stands and no monopoly on the distribution of print media took place in Tbilisi.

Sometimes, cable TV stations also deal with problems in connection with the content distribution. For example, in May 2009 the providers of cable TV refused to include in their service package the signal of the TV Company Maestro, which is critically disposed toward the authorities. The TV companies Rustavi and Akhmeta refused to carry the signal of Maestro.

1.3 Internal Factors Hindering the Development of Independent and Free Media

1.3.1 Editorial Independence

When talking about media freedom in Georgia, journalists and experts primarily focus on editorial policy, rather than the freedom to feature opposition politicians on talk shows. However, it should be noted that such an opportunity itself promotes the freedom to express political views and pluralism.

The owners of media outlets play the greatest role in determining a TV station's editorial policy. Their directives are announced at meetings of producers with general directors. Producers are, in turn, in charge of communicating with journalists about what theme may be covered and how (including determination of the vocabulary used in connection with the theme). The phrase "it came down from above" has become a feature of journalists' speech. The most famous case of limiting the editorial independence was a letter of about 60 journalists of TV Company Imedi stating that the television station's management censored the statement of Patriarch of Georgian Orthodox Church on April, 8, 2009, the eve of launch of protest rallies in Tbilsi, in which he called Georgian army not to use force against the protesters. Journalists also said they were not allowed to cover cases of attacks on protesters and gave specific examples of words they were "told" to use while covering the protests.

It should be noted in the abovementioned context that the issue of editorial independence is directly connected with the labour code and judiciary. According to the labour code, the employee is unprotected because the employer may fire an employee without justification. In addition, since the judiciary is easily manipulated, the employee has little hope of appealing the decision in court and winning the case.

1.3.2 Pluralism

The concentration of media outlets in a single owner's hands limits media pluralism. According to Article 60 of the Law of Georgia on Broadcasting, such concentration is prohibited. However, the abovementioned law does not prohibit an individual to hold shares of different companies that hold licenses. This allows for the concentration of various media companies in a single owner's hands: for example, GIG Group (one of the founders of which is the brother of the head of the Department of Intelligence of Georgia) holds 30% of Rustavi 2, 45% of the TV company Mze, and 65% of the TV company Stereo. Also, Degson Limited LLC owns 55% of the TV company Mze, and 70% of the TV company Rustavi 2[8]. This situation increases the ability of the government to exercise control over the media space.

The variety of news, topics and opinions is also limited in this type of media. TV stations with nation-wide coverage cover similar topics from the same sources, in the same order and with the similar emphasis. Different positions can be heard only on their weekly talk shows. The broadcasts of Tbilisi-wide TV companies that are critically disposed toward the authorities are not able to countervail the situation, because they cover only Tbilisi and its outskirts and are not broadcasting nation-wide.

As a space for independent discussion, the Internet has acquired increasing influence in the current situation. Internet use is growing, with 12% accessing the net daily, mainly for social networking. Nevertheless number of internet users is not sufficient in terms of its capability to change overall situation in regards to establishment of broader space of discussion and deliberation.

1.3.3 Professional Standards and Self-Censorship

[8] TV in Georgia - Ownership, Control and Regulation // http://www.transparency.ge/index.php?lang_id=ENG&sec_id=215&info_id=545

In March 2009, the GNCC ratified the Code of Conduct for Broadcasters, which requires broadcasters to create mechanisms of self-regulation, meaning determine and uphold their own ethical and professional standards. This is a positive step toward improving professional standards of Georgian broadcast media. However, no national broadcaster has developed such standards yet. The only exception is the Public Broadcaster of Georgia, which already had its internal code of ethics before the GNCC's directive. Nonetheless, this code remains merely a formal document and is not being implemented at all. For example the public TV's code of conduct lists the word 'pederast' that in Georgian is a derogatory word for a "homosexual" among the terms, which are banned from use. However, during the public discussion, organized by a monthly magazine Hot Chocolate, chief producer of the public broadcaster and a deputy head of the television station, Ghia Chanturia, when asked to name a program in the public TV's programming designed for minority groups, responded: "for pederasts?". When asked if there was any anchor on the TV who represented any minority group, he responded: "Should a cripple be an anchor? Do you mean that a homosexual should be an anchor of a program about homosexuals"? There was no reaction neither from the management of Public Broadcaster nor from the monitoring group of GPB that aims at permanent monitoring to assure that professional and ethical norms are being followed by the GPB staff.

Journalists demonstrate a lack of professional responsibility not only toward the ideology of the owners of their companies but influential public institutions, especially the Georgian Orthodox Church and popular topics, such as: national rhetoric, Orthodoxy, masculine culture, etc.

In June 2009, journalists and media experts agreed on the text of the Charter of Ethics for Georgian Journalists, which was signed in December 2009. Journalists united by the Charter will commit to providing society with unprejudiced information, to refusing to lie to the public or insult the opinion of their viewers, listeners and readers. Those who wish to join the Charter sign on. This was a positive move initiated by the journalists themselves and supported by European Commission. Also, a civil society initiative group appealed to the Public Defender of Georgia to create a media ombudsman within that office. The Public Defender supported the initiative that most probably will be implemented in 2010 and the media ombudsman will even more facilitate to professional discussions regarding standards and ethics of journalism together with the members of the Charter.

1.3.4 Institutional Support of the Media

The lack of effective professional associations and unions of journalists hampers media independence and protection of journalists' rights. Separate associations (the Georgian Regional Media Association and the Georgian Association of Regional Broadcasters) and independent media organisations are fragmented and are not intended to create a permanent and effective professional association. The reason for that is very limited free time of active journalists and lack of organisational skills. However, the Charter of Ethics and Media Club have a potential of starting the process.

The media program in a number of private universities is oriented on the implementation of high professional standards. The state journalism programs are gradually switching to new educational programs. Yet, they are not able fully to reach their goals because of poor resources and poor technical equipment. Also, with assistance from international donors, practicing journalists often

have the opportunity to attend professional thematic workshops and trainings. However, they are not able to use the acquired knowledge in the newsroom where decisions are made by the producer based on political loyalty and not journalistic standards.

1.4 Recommendations

1.4.1 to the Government and Parliament of Georgia:

- Amend the Law on Broadcasting that will legally guarantee the transparency of the owners of the media outlets, not only on the legal entity level but also the individual level; Namely, it should be stated explicitly in the Law on Broadcasting that the media owner company should not be registered in any of the off-shore zones.
- Amend legislation, namely the Law on broadcasting to prevent concentration (direct or indirect, through a third party, etc.) of the media services;
- Guarantee the publicity of information about the owners of the media services (both the electronic media and the press) in order to make it available for all interested individuals;
- Amend legislation to set funding at 0.15% of the Gross Domestic Product for the Public Broadcaster;
- Amend the Labour Code to better protect employees through labour contracts;
- Amend the Law on Broadcasting by stating that GNCC can issue only technical, general licenses instead of content broadcasting licenses; This will limit the GNCC's control of the content of the media and also will facilitate to implementation of the existing provision in the Law on Broadcasting on duties of GNCC to "create and support the development of a competitive environment within the limits of its authority".
- Depoliticize the GNCC by starting transparent public discussions about the mechanisms and models of electing members of GNCC; create explicit criteria necessary for becoming a member of GNCC; let the non-governmental organisations and other interested groups to nominate the candidates in a public transparent process; make election procedures transparent and public.
- Depoliticize the council of trustees of the Public Broadcaster by announcing that members won't be elected according to political quotas, but rather encourage CSOs to nominate and advocate their representatives in transparent and public discussions.

1.4.2 To the media:

- Develop a model for a solid and active professional union;
- Create effective mechanisms of self-regulation and uphold professional standards;
- Provide professional standards and focus on constantly raising the level of professional skills and professional growth;
- Initiate legal procedures, especially when freedom of speech is violated and the fulfilment of professional duties is hindered.

1.4.3 To civil society:

- Conduct constant and systematic monitoring of the work of the GNCC and its policy of license issuance;
- Conduct quarterly content and financial monitoring of the Public Broadcaster and provide public discussions of the results;

- Initiate legal procedures in the sphere of the media in order to increase the precedents of such procedures;
- Develop a model to depoliticize the GNCC;
- Develop a model to depoliticize the Council of Trustees of the Public Broadcaster of Georgia.

1.4.4 To the European Union:

- Emphasize the need of editorial independence of national TV companies as the main priority in media policies while negotiating with the Government of Georgia;
- Continue to promote independent media outlets and individual projects so that they can continue to function until a healthy market economy is developed through funding, through facilitating training and educational programs, through programs of resident consultants.
- Support conducting quarterly content and financial monitoring of the Georgian media by funding programs and competitions aiming at quantitative and qualitative analysis of Georgian media
- Facilitate to strengthen independent professional associations aiming at strengthening freedom of media and promoting professional standards of journalists.

2. Implementation of Georgia's Economic Obligations in the Framework of European Neighbourhood Policy Action Plan: legislation and practices

2.1 Introduction

Georgia's attempts to integrate with EU requires special focus on the policies which are implemented in economic and social fields of public life of the country as they directly affect issues of quality of life and self-confidence of citizens. The European Neighbourhood Policy Action Plan implied certain obligations upon the government of Georgia which in its turn implemented reforms aiming to improve the business and investment climate, to stimulate economic growth, and to harmonise economic legislation and administrative regulations with EU standards.

Key commitments contained in Priority 4 of Action Plan, including specific actions:

- ✓ *Maintain macroeconomic stability by implementing prudent monetary and fiscal policies including through ensuring the independence of the National Bank of Georgia; further improve strategic planning of expenditures through a Medium Term Expenditure Framework;*

- ✓ *Conduct a systematic review and revision of the government's reform strategy document, with particular emphasis on poverty reduction;*

- ✓ *Continue reforms in public finance management, including by implementing a comprehensive Medium-Term Expenditure Framework consistent with the Georgian government strategy.*

The goal of the present report is to assess whether the government of Georgia's efforts (expressed in formal regulations and real practices) bring the country closer to the EU standards in economic and social spheres of public life. In this regard special attention will be paid to the issues of poverty reduction, social equality, and facilitation of sustainable development.

2.2 Economic and social reforms, poverty reduction and sustainable development

2.2.1 Macro-economic environment:

In the opinion of the civil sector experts, despite the negative effects of the global economic crisis and the Russian-Georgian war, the Georgian government has managed to maintain macro-economic stability through efficient monetary and fiscal policies. However, the government appeared unable to prevent a recession, the first one in the past decade, in which the national economy is expected to contract by 4% in 2009 (EBRD forecasts contract by 5.5%).

The nominal volume of GDP reduced in 9 months of 2009, triggering a reduction of GDP Per Capita. The real GDP fell 5.5% (5.9% in the first quarter, 10.7% in the second quarter and 1.3% in the third quarter).

Apart from pure political factors (post-war problems, increased domestic and foreign political risks, political tensions), the economic slump was caused by the decline in business activity within the country, significant reduction of investments and lack of credit resources.

In nine months of 2009, foreign direct investments (FDI) in Georgia totalled 505.1 mln USD, or 765 mln USD less than in the same period last year.

The combination of these factors curtailed Georgia's foreign trade turnover (in eleven months of 2009 it dropped 31.5% to 4.95 billion USD) and the volume of exports (in eleven monhts of 2009 exports totalled 1.028 bln USD, 27.7% less than in the same period of 2008).

Although the decline in exports/imports reduced the trade deficit, the problem is that it has become increasingly difficult to finance the deficit by capital funds (due to the fall in revenues). It would be useful therefore to increase exports of goods and services in order to achieve a more sustainable tax balance in the long run.

2.2.2 The process of reforms:

The reform of the National Bank (NB) stands out from other financial reforms. The oversight functions of the NB were restored and strengthened in 2009 (Now NBG has the power to monitor and control banks and other financial institutions, the stock market and insurance companies) and the level of its independence was increased.

The financial sector suffered a setback due to the government's decision not to use the Medium Term Expenditure Framework (MTEF) in the budgeting process during 2007-2009 and 2008-2010. The Georgian budget has not used this scheme at all in recent years, largely due to quick and unjustified changes in budgetary priorities rather than because of the need to make significant amendments to the budget.

Efforts continue to eliminate corruption and create a stable legal framework in Georgia, as these measures are believed to be key to improving the business environment in the country. Reforms in the fields of taxation, customs, inspections, permits, licenses, accreditation and standardisation have led to a better business environment.

According to the results of several international research projects (Doing Business, World Competitiveness Index, etc.) Georgia has achieved significant progress in creating better conditions for doing business in 2007-2009. However, enforcement of new laws remains a serious problem. There is still plenty of work to be done to create a healthy business environment. In particular, it is necessary to strengthen transparency and the rule of law, to ensure that private property is respected and protected, to prevent the government's

interference in business activity, to improve law-enforcement and reform the judicial system.

Adverse effects of the problems of these sectors have offset advantages created by simplified procedures to start up a new business.

A new law on statistics was adopted in Georgia in 2009. Nevertheless, there are still doubts as to whether the National Statistics Department (NSD) is a really independent body. At the same time, capabilities and competence of the NSD have been also called into question. There have been repeated personnel cuts in the NSD in recent years and its budget was slashed. These factors have had a serious negative impact on the sustainability of the national statistics system, resulting – most importantly – in the shortage of experienced professional cadre.

2.2.3 Employment and social policy:

The employment procedures and the labour relations have been fully liberalised in Georgia. The labour market is the only mechanism to regulate this sphere today. A majority of the employed Georgian residents – about two thirds of the total workforce – are self-employed. The labour problems are aggravated by the absence of efficient employment and labour market policies and an incoherent social protection system.

There has been little progress so far with regard to labour laws and employees' rights, including the unrestricted right to hold labour strikes. The Labour Code 2006, which was created without any preliminary consultations with trade unions, does not comply with standards of the International Labour Organisation (ILO). For instance, it does not include provisions on the right to unionise and on negotiations between trade unions and employers to protect employees' interests, though such provisions are required by ILO conventions.

The current labour law falls short of EU standards and does not meet requirements of the European Social Charter, ratified by Georgia in July 2005, regarding such fundamental aspects as the amount of extra work and dismissal procedures.

There have been positive developments however. The creation of a tripartite commission made up of representatives of the health care ministry, trade unions and the employers' association in 2009 can be seen as a significant step forward from the viewpoint of social dialogue. The commission's main task is to improve the labour legislation.

Furthermore a new bill is under debate in the parliament at present. It provides for sweeping changes to the Labour Code. Namely, employees' rights will be increased and labour legislation will be brought closer to European standards. However, stiff opposition from large business associations and big companies is hampering parliamentary debates.

2.2.4 The poverty level and social policy:

Georgia's social situation has not improved, mainly due to the global economic downturn and the Russian-Georgian war. Little was done to reduce poverty and improve social

protection. Widespread poverty remains a serious problem, as one third of the Georgian population lives below the poverty line.

According to official statistical data, the unemployment rate reached 16.5% in 2008, up from 13.3% in 2007.

As to social protection, the government launched a general social assistance program in 2006 targeted at low-income and destitute families. However, as the program used unrealistic criteria to determine the level of poverty, part of the most needy and poor people found themselves ineligible to get social assistance from the state.

According to the Georgian Economic Development and Poverty Reduction Strategy, the country must develop a National Action Plan for Sustainable Development. An ad hoc governmental commission for sustainable development was created in 1996. However, little progress has been achieved since then and no visible progress in 2009.

2.3 Trade-related problems, markets and regulatory reforms

In January-November 2009, Georgia's foreign trade turnover with EU countries reached 1,388 bln USD, 32.8% less than in the same period previous year. Exports totalled 219.1mln USD (32.1% less than in 2008), while imports are estimated at 1.169 bln USD (27.2% less than in the last year's same period). Trade with EU countries accounts for 28.1% of the country's total foreign trade turnover: exports account for 21.3%, while imports for 29.8%.

The volume of exports from Georgia to EU countries is rather small and needs to be diversified. Although Georgia enjoys certain privileges under the European Union's Generalised System of Preferences Plus, only several companies and products have benefited from this scheme so far.

At the same time, Georgia's trade policy is apparently discriminatory, charging different tariffs for different goods.

The EU-Georgia Partnership and Cooperation Agreement and EU-Georgia Action Plan (ENP) require aligning Georgian regulatory mechanisms with European trade and investment standards. So far, however, only a limited success has been achieved in this field. Efficient regulation will open the door to European markets for Georgian products. Talks between Georgia and the EU on agricultural products, including wine and liquors, began in 2007 and are still under way.

Significant achievements were made in the customs service. The newly adopted Customs Code brought the Georgian customs legislation and procedures in line with European and international standards. According to the new code, the number of customs regimes must be reduced from three (0%, 5%, and 12%) to two (0% and 12%) since 2010.

However, the absence of respective legal acts and regulations impedes implementation of the Customs Code and makes the customs rules less transparent for economic actors. More attention should be paid to pricing and post-customs control.

The dismantling of the national revenue service, which was set up in 2007, is another important reform. Its poor performance in 2004-2006 did not correspond with the government's declared liberal economic policy based on cooperation with the business community. The service was made up of taxation and customs administrations and the financial police. As a result of the reform, the latter were separated from the service and transformed into the investigation department of the finance ministry. It is planned that the department will have policing and investigative functions.

As to free movement of goods and technical regulation, Georgia has already reformed its technical regulation system. In particular, it adopted voluntary standards, procedures to determine conformity and mandatory technical regulations.

The laws on certification of goods and services and on the accuracy of measurement units and standardisation were revised. These changes paved the way for adoption of voluntary standards and technical regulations for third countries.

Two independent agencies were created as a result of institutional reforms: the National Agency of Standards, Technical Regulation and Metrology, and the National Accreditation Centre.

Although the National Agency of Standards, Technical Regulation and Metrology was given access to databases of international standardisation organisations, there is still a lot of work left to provide industrial enterprises and research centres with quality-related information.

As to sanitary and phytosanitary (SPS) control, Georgia adopted a law on food security and quality in 2005 and created a national service of food security, veterinary control and protection of plants in 2006. However, a decision was made in 2007 to postpone one of the most essential components of the reform – full control of food security – at first until 2009 and then to 2010. Discussions are under way at present on further extension of the deadline. It means that prospects for efficient control of food quality and security remain rather bleak.

No progress was made in the field of competition policy in 2009. The scope of application of the competition law is rather limited. That is why the law is unable to protect consumers' interests, prevent firms from bargaining and exploiting their market dominance for their advantage, and regulate company mergers. It is vital to ensure the independence of the free trade and competition agency. Today the agency is a structural division of the ministry of economic development and its role is limited to consultation and advice. No legal mechanisms are in place to enforce decisions of the agency. This aspect is especially important as under the Economic Freedom Act no competition regulatory authority (including an anti-trust agency) should be created in the country in the future.

Despite legal reforms in the field of intellectual property, the copyright law actually does not work in practice. As a result, counterfeit and pirated products are prevalent in Georgian markets, while in some segments – first of all in high technologies – there are practically no copyrighted materials at all.

The reform of the state procurement system is facing enormous obstacles. Although procurement procedures are clearly defined, the terms of procurement deals are often violated. In addition, many goods and services are routinely procured through informal arrangements with individual buyers rather than transparent and fair tenders. At the same time, procurement-related information is often unavailable to members of the public and even to the regulatory bodies (Chamber of Control) that must have access to such kind of information by law.

2.4 Recommendations

2.4.1 To the government and parliament of Georgia:

- Develop a clear framework for economic policy compliant with the country's international obligations (including ENP AP)
- Set and fulfil the deadlines for these obligations.
- Present a clear and justified explanation for failure to fulfil the obligations.
- Analyse and ratify all European charters and conventions if their requirements are deemed feasible.
- Harmonise national legislation in the field of social and economic policy with European laws and impose strict control over the enforcement of laws.
- Ensure broad public participation in all ENP programs.
- Maintain a close dialog with other ENP member countries in order to develop joint approaches and respond to challenges adequately.
- Inform the public about the most painful aspects of European integration in order to avoid unrealistic expectations and Euroscepticism in the future.

2.4.2 To the civil society:

- Convince the government and the EU that the Georgian civil sector can play a vital role and participate as an equal partner in the process.
- Create and ensure the smooth and efficient function of a permanent coalition platform, which should oversee the process of Georgia's European integration.
- Cooperate with donors and partners dealing with European integration problems and try to benefit from their expertise and experience.
- Decide how CSOs can contribute to the European integration and take respective steps.
- Invite alternative opinions and assessments, and initiate/organise different instruments of debate and experience sharing.

2.4.3 To the European Union:

- Control implementation of Georgia's international obligations more stringently.
- Prepare a more detailed schedule for the implementation of these obligations and strengthen oversight of the process.
- Engage European taxpayer protection organisations in the process in order to ensure efficient control of the expenditure.
- Identify unfulfilled obligations and clarify whether they are compliant with basic documents (charters, conventions).
- Prepare reports and assessment documents more frequently and respond to changes as soon as possible.
- When evaluating problems and achievements of the partner country, invite opinions of as many stakeholders as possible.
- Analyse mistakes and failed expectations, identify their reasons and take them into account during preparation of new projects.
- Develop the most relevant European integration strategy for Georgia (modelled on one or another country's case) and assist the country in its implementation.
- Prepare and popularise more understandable recommendations and visual materials.

3. Promotion of Democratic Institutions, Principles of Good Governance and Democratic Control in Security Sector as Defined by ENP Action Plan for Georgia

3.1 Introduction

General objectives and actions defined in the ENP AP complement the achievement of the specific priorities. The Paper focuses on the Actions which promotes Political dialogue and reform standing for the following:

- ✓ *4.1 Strengthening democratic institutions*
  Strengthening of the Georgian parliament, particularly in the fulfillment of its oversight role (including in the security and defence sector).

The achievement of the priority requires Georgia to promote good governance and establish mechanisms of democratic control in security and defense sector through strengthening of the parliamentary oversight in this field. This can be ensured through adherence to democratic procedures in defense decision making, establishment of efficient defense resource management system and involvement of relevant non-state actors in defense policy making.

In the present report civil society organizations and experts assess practice of parliamentary oversight and democratic control over the security and defense sector in Georgia and evaluate prospects for EU-Georgia cooperation in the field of foreign and security policies.

The document also takes account of the new reality that emerged in Georgia in the wake of the August 2008 war, namely the deployment of the EU monitoring mission in Georgia to oversee the EU-brokered ceasefire agreements signed on August 12 and September 8. The mission was set up on the basis of decisions in the framework of the ESDP. As its mandate is not limited to the monitoring of ceasefire agreements, its activities attract great interest in Georgia. The Georgian public puts much confidence in the mission, as was revealed during the preparation of the document, and wants it to be expanded and reinforced in the hope that a stronger mission will be able to better prevent conflicts and incidents in the area adjacent to the administrative border and reduce human rights violations.

3.2 Parliamentary Oversight of the National Security and Defense Sector, 2007-2009

During the last years Georgia's security and defence sector has undergone through wide scale reforms. The Parliament has adopted numerous laws and legislative amendments that meet standards of democratic countries. Those laws and regulations support and follow the reform strategies that had been developed under the auspices of NATO-Georgian cooperation framework in 2005-2009, in particular, Individual Partnership Action Plan (adopted in 2004) and Annual National Programme (adopted in 2008).

According to some Georgian experts and civil society representatives, over the 2007-2009, the Georgian parliament, its committees and other respective structures have underused their functions for exercising effective parliamentary oversight of the security and defence sector. In particular, the parliamentary defence and security committee has been supporting every proposal of executive branch and done little to control it. According to experts, members of the committee lack experience, competence and political will to use all oversighting resources which relatively affected committee's work.

In addition, executive officials are rarely summoned to the committee settings to report achievements or challenges. In 2007-2009 the Minister of Defence reported member of the committee on defence and security only once. This sitting was held on May 28, 2008 in the MOD office where the Minister himself presented the draft version of the new defence concept for Georgia as well as assessed new developments in military forces and situation on occupied territories.

According to the civil society representatives up to 2007 the activities of the committee on defence and security were much more intense and the hearings on security rector reforms were organized on a more regular basis[9]. In 2005-2006 the Deputy Minister attended committee hearings 6 times. Some committee sittings, organized during the same period and devoted to the review of the draft laws, concept papers and implementation of the reform plans, were open for civil society representatives, security experts and academicians, civil servants. The committee has not exercised the practice of public sittings since 2007. In recent years, much less number of representatives of the civil sector and analytical centres (think tanks) has been invited to committee hearings.

The parliamentary defence and security committee is responsible for preparing commentaries and recommendations on the defence budget for parliamentary debates. However, the committee has no access to detailed defence and security budgets until they are officially approved.[10] This limitation curbs the parliament's ability to influence the planning of defence and security resources. Lawmakers are unable to demand specific and justified changes in the draft defence and security budgets submitted to the parliament by the government. Under the law, the parliament can either approve or reject the entire budget.

Unlike parliaments in other democratic countries the Georgian parliament is not authorised to debate defence procurement policy and plans. At the same time, the law does not require the government to inform the parliament or respective parliamentary committee in advance about large arms procurement deals. The Georgian parliament's control function in the field of defence procurement is restricted to post factum analysis and assessment of the efficiency of the procurement deals (results of the Chamber of Control hearings). It means that the Georgian parliament can play a very limited role in the resource planning process.

Only members of the Group of Confidence are given free access to detailed information about the defence and security budgets. (Accordance to the Georgian Law the Group of Confidence is the

[9] http://www.parliament.ge/index.php?lang_id=GEO&sec_id=282

[10] The parliamentary defense and security committee's legislative mandate for control of the defense and security sector covers the following agencies: the Ministry of Defense, General Staff of the Armed Forces, Special State Protection Service, Border Police Department, Foreign Intelligence Service, which is subordinate directly to the president and can be controlled by the National Security Council too.

entity with the right to control executive government's special programs and state budget's all classified articles. Five members of the defence and security committee create Group of Confidence) Although, since the five-person parliamentary group of confidence has been fully staffed in Georgian Parliament – including two opposition MPs (in 2004-2008 opposition representatives refused to join the group) –, its efficiency remains rather low. For instance:

Under the previous law on the Group of Confidence, the group was to convene at least once a month; the revised law, amended on September 12, 2008, stipulates that the group of confidence should hold sittings at least twice a year. Despite this, the group was not able to meet requirements of the law in 2008-2009: it held only two sittings in this period – in November 2008 and on October 28, 2009.

The Group of Confidence must control classified articles of the defence budget, since budgetary control is an important component of democratic governance. In past years, when the Georgian government was implementing large-scale army-building projects, classified articles of the defence budget included even construction projects. There is no evidence to prove that the Group of Confidence was interested in controlling both the efficiency and legitimacy of construction and procurement costs at that time.

3.3 Defence Resource Control Mechanisms – Activities of the Chamber of Control in

In recent years, neither the parliament nor the general public paid much attention to the annual reports of the Chamber of Control. Indeed, reports submitted by the Chamber of Control to the parliament were not available to the general public. Little, if anything, is known about the results of the audit of the defence ministry. Information at the Chamber of Control website is scant and not complete – there are two items published on the website: 2008 Annual Report and the report on the spending of the country's central budgetary funds in the first six months of fiscal year 2007. Furthermore, there is not a single word in either document about the compliance of the defence and security expenditure with the budget law.

3.4 Protection of the Rights of Military Servicemen and Servicewomen

According to organisations specialising in protecting the rights of military personnel, the interests and rights of Georgian servicemen and servicewomen are violated in many ways: servicemen are not paid for extra duties, their contract terms are not fair, they are often prevented from filing complaints and do not have adequate access to post-war rehabilitation programs. Representatives of the watchdog organisations dealing with conscripts' and servicemen's rights are barred from visiting the army barracks. In addition, distributing information bulletins about servicemen's rights at military sites is prohibited. The Georgian parliament does not seem concerned with military personnel's rights and the public is not informed about what is being done by the parliament to improve the situation.

Little attention is paid to the adherence of gender equality principles in the security and defence sectors. The heads of security institutions have low motivation to protect and promote the principle of gender equality. The Georgian parliament also does not focus its work on this problem.

3.5 Coordination between the Civil Sector and the Parliamentary Defence and Security Committee

There is little cooperation and coordination between the civil sector and the parliamentary defence and security committee. The civil council for defence and security, a body affiliated with the parliamentary defence and security committee, has been disbanded. The council was created in the late 1990s and was made up of defence and security experts, journalists, representatives of the civil sector and human rights activists.

No efforts are being made to increase cooperation between the parliament and the civil society, for instance by means of development joint programs or free access to information space. As a result, it is hard to identify and address management problems in defence and security sphere timely. According to civil society representatives, the parliament's website does not contain enough information to ensure public participation in democratic oversight activities over the security and defence sector in Georgia.

3.6 EU-Georgia Cooperation in the Field of Foreign and Security Policies
Improve internal legislation in line with the EU Code of Conduct on Arms Exports;

At present Georgia has a very weak system of export-import control over the procured or transited arms and dual-use materials and technologies. There are no mechanisms, based on interagency cooperation, to control government policy on export-import of arms, though such control mechanisms are widely used in democratic countries. The so-called Military Technical Commission, an interagency structure responsible for issuing recommendations and investigating possibilities of exports and imports of arms and dual-use materials, has been dissolved.

Georgia does not have efficient and robust licensing procedures for imports and exports of arms. In fact, governmental agencies no longer need licenses to import or export arms or dual-use materials (the law on licences and permits, which was adopted on June 24, 2005, abolished the need for governmental institutions to obtain official permission for transportation of arms).

There are still no legal regulatory mechanisms in Georgia to ensure permanent flow of information to decision making bodies on regular updating of the list of internationally banned materials and items. The current Georgian legislation does not fall in line with western methods and practices as the system lacks in interagency cooperation mechanisms in the field. Georgia needs to develop a stringent control system, meeting the standards of the European Union's Code of Conduct on the Export of Arms, to improve the arms-related decision-making process and ensure efficient measures against arms trafficking and international terrorism.

3.7 EU Monitoring Mission in Georgia

The EU monitoring mission in Georgia can be viewed as an outstanding example of successful European Security and Defence Policy (ESDP), since no previous EU monitoring mission had been created and deployed so rapidly. The mandate of the mission, which is manned by some 250 observers from 26 EU member states, is not limited to monitoring the cease-fire plan. Its other objectives are to contribute to stability in the region, facilitate confidence-building measures, and provide EU member countries with objective and detailed information about the situation in

Georgia. Although the mission's mandate covers the entire Georgian territory, including Abkhazia and South Ossetia, EU observers have been so far barred from conducting observations in the breakaway regions.

The 2008 Russian-Georgian war sparked considerable anger in Georgia, as it significantly worsened the problem of territorial integrity and jeopardised the country's national sovereignty. Following the war, Russia recognised Abkhazia and South Ossetia as independent states[11] and strengthened its military presence in both regions. Georgian civil society fears that a new Russian military aggression against Georgia is very likely. In turn, Georgia has become more dependent on international structures than ever before for ensuring national security and maintaining peace and stability in the country.

The continuous presence of Russian troops in the occupied territories just 40 km from the capital only aggravates the sense of worry and insecurity among Georgian residents. In addition, both the United Nations and the Organisation for Security and Co-operation in Europe were forced to pull out their monitoring missions from Georgia after the war. Currently, the EU monitoring mission is in fact the only international mechanism to maintain stability in Georgia's conflict zones. The Georgian population is hopeful that the mission will help ease tensions and achieve sustainable peace in the country, though everyone understands that the capabilities of unarmed civilian EU observers are rather limited. In November 2009 the mission was given access to the data of the EU satellite centre, though it is clear that such kind of information is a poor substitute for on-the-spot monitoring.

3.8 Recommendations

3.8.1 To the European Commission and other donors:

In order to improve the level of accountability and transparency of the government and the participation of civil society in security and defence policy making practice:

- Facilitate and strengthen networking, cooperation and information exchange among NGOs specialising in defence and security problems. Assist these NGOs in developing joint resource centres in the field of national security and defence.
- Support efforts to improve professional skills and expertise of the NGOs dealing with defence and security problems and contribute to their sustainable development

3.8.1.1 To the EU concerning its monitoring mission in Georgia:

- Intensify efforts, within the European Security and Defence Policy, to enable EU observers to enter and monitor the occupied territories.
- Increase the number of EU observers and provide them will all necessary equipment.
- Expand the mandate of the monitoring mission through providing monitors policing functions, set up an early warning system and improve the mission's ability to respond to incidents.

[11] Venezuela and Nicaragua soon followed suit.

- Facilitate and support cooperation between the monitoring mission and the Georgian civil sector in information exchange and in dealing with the problems encountered by the local civilian population when crossing the administrative borders of the breakaway regions.

3.8.2 To the Georgian government and parliament:

- Increase the efficiency and capacities of the structures responsible for parliamentary control of the defence and security sectors (parliamentary committees, the group of confidence). Namely:
  - ✓ Enforce provisions of the law that require executive officials to report regularly to the parliamentary committees dealing with defence and security problems on the processes and reforms in the country's defence and security institutions; the committee hearings on the reports should be transparent and open to members of the public, including NGO representatives and experts;
  - ✓ Enable the parliamentary defence and security committee and the group of confidence to implement their functions and responsibilities in the budgeting process effectively, i.e. give them free access to detailed information about the defence budget so that they are able to prepare recommendations for parliamentary debates;
  - ✓ Give the group of confidence unrestricted access to classified articles of the defence and security budgets, and monitor and control procurement deals, as budgetary control is the main instrument to ensure democratic management of the defence and security sectors.
- Include the results of the audit of the activities of defence and security structures in the annual reports of the Chamber of Control.
- Make annual reports of the Chamber of Control available to the general public.
- Strengthen internal control mechanisms of the defence ministry in order to protect the rights of military servicemen and servicewomen. Empower human rights bodies accountable to the parliament (the ombudsman's office) and other watchdog non-governmental or professional organisations to take part in the monitoring of servicemen's rights.
- Set up a psychosocial rehabilitation service in the defence ministry for war veterans and reservists, and engage non-governmental organisations in the rehabilitation programs.
- Maintain the principle of gender equality in the defence and security sectors. Instruct the heads of defence and security institutions to abide by this principle and promote the idea of gender equality in society.
- Increase cooperation and coordination between the civil sector and the parliamentary committees in the field of national security and defence. Give the general public better access to information and a voice in the decision-making process (through participation in debates on respective bills). Respond timely to the parliamentary ombudsman's reports and results of the financial audit.
- Improve the system of export-import control of conventional arms and dual-use materials and technologies by creating efficient control mechanisms, based on interdepartmental cooperation, in line with western standards.

- Improve the licensing system for imports and exports of arms by creating legal regulatory mechanisms to constantly monitor, control and regularly update the list of internationally banned materials and items.
- Develop a stringent control system, similar to the European Union's arms export code, to improve arms-related decision-making process. To this end, amend the current legislation to bring it into line with European standards, strengthen the arms export-import control system, enhance capacities of governmental institutions and ensure stability in the country and in the region.

3.8.3 To the civil society sector:

- Rally public support for defence and security reforms: encourage public debate on this issue, publish newsletters and bulletins with respective information, and widely use mass media and the Internet to keep the public informed.
- Ensure transparency of defence and security reforms – one of the basic elements of civil-military relations and a key requirement for Georgia-NATO partnership – through more active cooperation between the civil sector and the parliament.