

Georgia

by Paul Rimple

Capital: Tbilisi
Population: 4.5 million
GNI/capita, PPP: US\$5,350

Source: The data above are drawn from the World Bank's *World Development Indicators 2013*.

Nations in Transit Ratings and Averaged Scores

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Electoral Process	5.25	4.75	4.75	4.50	4.75	5.25	5.25	5.00	5.00	4.75
Civil Society	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75	3.75
Independent Media	4.00	4.25	4.25	4.00	4.25	4.25	4.25	4.25	4.25	4.25
Governance*	5.75	n/a								
National Democratic Governance	n/a	5.50	5.50	5.50	5.75	6.00	6.00	5.75	5.75	5.50
Local Democratic Governance	n/a	6.00	5.75	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Judicial Framework and Independence	4.50	5.00	4.75	4.75	4.75	4.75	4.75	5.00	5.00	5.00
Corruption	6.00	5.75	5.50	5.00	5.00	5.00	5.00	4.75	4.50	4.50
Democracy Score	4.83	4.96	4.86	4.68	4.79	4.93	4.93	4.86	4.82	4.82

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

After declaring independence from the Soviet Union in 1991, Georgia experienced a turbulent decade marked by civil war and two secessionist conflicts. Twelve years later, many viewed Georgia as a failed state due to the concentration of power in its executive branch and the pervasiveness of corruption in all sectors of society. In 2003, a brief and nonviolent series of mass protests in Tbilisi—the so-called Rose Revolution—forced Georgian president Eduard Shevardnadze and his Citizens' Union of Georgia (CUG) out of office, paving the way for democratic reform under Mikheil Saakashvili of the United National Movement (UNM). The Saakashvili administration made progress in battling corruption, introducing economic reforms, and developing infrastructure, but fell short of establishing the democratic institutions it had promised. War with Russia in 2008 was an additional setback for Georgia, both economically and territorially, resulting in Russian occupation and secession of the breakaway territories of Abkhazia and South Ossetia. The territories' independence is recognized by four United Nations member states: Nicaragua, Venezuela, Nauru, and Tuvalu.

Parliamentary elections in October 2012 resulted in independent Georgia's first peaceful transfer of power through voting. After an aggressive election campaign, UNM was defeated by the Georgian Dream Movement, a coalition of six opposition parties led by billionaire Bidzina Ivanishvili. During the campaign, Ivanishvili cast Saakashvili as an autocrat and promised to establish "true" democracy in Georgia while maintaining a pro-NATO, western-oriented foreign policy and reestablishing economic and cultural ties with Russia. A prison abuse scandal emerged less than two weeks before the polls, igniting public anger at the UNM government over long-neglected judicial reforms. The elections were praised as freer and more competitive than previous votes, despite the isolated polling day violations and the disproportionate application of party finance control mechanisms to penalize the opposition.

Shortly after coming to power, the Georgian Dream–led government set about fulfilling its campaign promise to hold members of the outgoing government accountable for a variety of alleged offenses related to abuse of power and corruption. More than 20 former government officials had either been interrogated or were in detention by year's end, raising concerns about political retribution by the new authorities. Saakashvili, who will remain president for one more year, originally expressed his readiness to work together with the Georgian Dream, despite their differences. However, the feasibility of cooperation had deteriorated by year's end, largely because of these arrests.

National Democratic Governance. The UNM government spent most of the year on the offensive against its main challenger, the Georgian Dream Movement. Georgian Dream's victory at the October polls resulted in a peaceful transfer of power and a pluralistic legislature, with two main factions. After Georgian Dream took power in late 2012, the authorities arrested or interrogated numerous former officials from the previous government, raising concern that the new government was seeking political retribution; however, allegations of due process violations were inconclusive at year's end. Owing to the peaceful transfer of power and the establishment of a more pluralistic parliament, *Georgia's rating for national democratic governance improves from 5.75 to 5.50.*

Electoral Process. The first elections held under Georgia's new electoral code were assessed by monitors as predominantly fair and competitive, ushering in a historic victory for the Georgian opposition. Long-awaited changes to campaign finance oversight mechanisms resulted in disproportionate fines against Georgian Dream. However, freedom of association, assembly, and expression were generally respected throughout the campaign. Due to an overall improvement in the competitiveness and administrative conduct of parliamentary elections, *Georgia's electoral process rating improves from 5.00 to 4.75.*

Civil Society. Civil society organizations were active throughout 2012. Over 200 Georgian media organizations and nongovernmental organizations (NGOs) banded together in a successful campaign to amend party finance legislation affecting not only political parties but any organizations with "declared political goals and tasks." In December, the government appointed the director of a human rights center as its human rights ombudsman, a decision endorsed by a group of 24 local NGOs. *Georgia's civil society rating remains unchanged at 3.75.*

Independent Media. Though recent legislation has allowed for increased pluralism in the Georgian media landscape, news outlets remain deeply partisan and subject to political and private influence. In June, authorities seized thousands of satellite dishes owned by pro-opposition television station Maestro TV and Global TV, a cable and satellite broadcaster affiliated with Ivanishvili, alleging that the dishes would be used to "buy" votes for the Georgian Dream. After considerable pressure from civil society and international observers, parliament passed a must-carry law requiring all cable operators to carry all television channels, but this was poorly enforced. *Georgia's independent media rating remains unchanged at 4.25.*

Local Democratic Governance. Local authorities remain highly dependent on funding from the central government, which also maintains control of local property management and budget approval. Local governments were excluded from decision-making processes, particularly where large development projects were planned. The practice of forcing property owners to abandon their property

or donate it to the state as a gift continued throughout the year. *Georgia's local democratic governance rating remains unchanged at 5.50.*

Judicial Framework and Independence. Acquittal rates in criminal cases in Georgia remain extraordinarily low, demonstrating the judiciary's lack of independence from the prosecutor's office. Throughout the year, law enforcement authorities detained citizens for administrative offenses and deprived them of their right of due process, with the number of arrests increasing significantly in the run-up to the October elections. Less than two weeks before the vote, leaked videos showing severe abuse of inmates at a prison outside of Tbilisi were broadcast on television, igniting public outrage and leading to the resignations of the minister of corrections and minister of interior. President Saakashvili appointed the country's ombudsman as the new minister for prisons and called for an overhaul of correctional institutions. In December, parliament passed an amnesty bill to significantly reduce the prison population, which had nearly quadrupled under the previous government's "zero-tolerance" policy. *Georgia's rating for judicial framework and independence remains unchanged at 5.00.*

Corruption. Aggressive enforcement of anticorruption policies over the past four years has effectively eliminated low-level graft, most notably in the civil service. However, lack of transparency in business and media ownership still obscures overlap between government and business interests, and many people close to the government have become extremely wealthy. Upon coming to office, Prime Minister Ivanishvili declared an intention to introduce antimonopoly laws that would eliminate cartel-like structures in some sectors. Pending evidence of these changes or their effectiveness, *Georgia's rating for corruption remains unchanged at 4.50.*

Outlook 2013. With new, peacefully elected leadership and an imminent change to a fully parliamentary system, Georgia is entering uncharted territory. The Georgian Dream Movement is a diverse coalition of parties and does not have enough parliamentary seats to change the constitution at will, while the United National Movement is committed to playing a strong role as a parliamentary minority. The deep divide between these two factions in the parliament will make it difficult for lawmakers to agree on measures to strengthen democratic institutions. Meanwhile, public perception of governance as a "winner takes all" exploit and the Georgian Dream's political inexperience could easily lead to the development of another one-party system and reverse the democratic breakthrough Georgia witnessed in October 2012. The new Georgian government has announced its intention to improve ties with Russia while maintaining its course towards western integration and NATO membership.

MAIN REPORT

National Democratic Governance

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
n/a	5.50	5.50	5.50	5.75	6.00	6.00	5.75	5.75	5.50

From March 2004 to October 2012, Georgia's parliament was dominated by President Mikheil Saakashvili's United National Movement (UNM) party, which gained its position on the heels of the Rose Revolution. Although the Georgian government continually expressed commitment to developing democratic institutions, decision-making was concentrated in the hands of the president and his close circle of advisors, preventing the development of a reliable system of checks and balances. The UNM's parliamentary majority permitted the president to reshuffle his cabinet of ministers at will and pass laws with little or no public or parliamentary debate.

On 26 May, Georgian Independence Day, the parliament held its first session in a new, \$204.8 million dollar parliamentary building in Kutaisi.¹ The decision to move the legislature from Tbilisi to a city separated from the capital by 150 miles of dangerously winding mountain road was criticized as another attempt to limit public participation in lawmaking. Most civil society and media organizations are based in Tbilisi—as are other governmental offices—and the distance complicated their engagement in hearings and coverage of parliamentary proceedings for the remainder of 2012. The UNM-led government claimed the relocation encouraged decentralization, relieving strained infrastructure in Tbilisi, and that the construction of the building (which began in 2011) would bolster Kutaisi's economy.² In late December, the speaker of the newly elected parliament said that returning the seat of parliament to Tbilisi would be part of a package of amendments reviewed in early 2013.³

In June, the parliament passed a constitutional amendment for the adoption of an organic law defining the special status of Lazika, a new Black Sea resort city that President Saakashvili announced in December 2011. The construction of the new city is controversial because of its estimated cost of 1.5 billion GEL (\$900 million) in foreign investment and the location's proximity to nearby protected wetlands.⁴ The bill was passed on its first reading without any public consultation,⁵ although 59 percent of respondents in a nationwide survey conducted in February claimed to support the initiative.⁶

Parliamentary elections in October resulted in Georgia's first peaceful transfer of power through democratic elections since the country declared independence in 1991. In October, President Mikheil Saakashvili conceded his party's surprise defeat to the Georgian Dream Movement and approved the appointment of its leader, Bidzina Ivanishvili, as prime minister. In addition to demonstrating the willingness of state leadership to respect electoral outcomes, the elections introduced stronger

pluralism into Georgia's parliament, which for the last 8 years had been dominated by Saakashvili's supporters.

The timing of these events was also significant. Georgia is on the verge of transitioning from a presidential to a mixed parliamentary system in which the executive powers of the presidency will be reduced. Parliament will not become substantially more powerful when the changes come into force in October 2013, but it will gain the authority to elect the prime minister and cabinet by a simple majority. Otherwise, executive power will be in the hands of the government (which is elected and accountable to the parliament). The president will remain head of state and commander-in-chief of the armed forces, but will not have the right to introduce the state budget, initiate laws, or hold an official post in a political party. New rules surrounding votes of no confidence will also make it difficult for Parliament to remove the prime minister.

The new government came into office promising to investigate allegations of abuse of office and corruption among former military and security officials. In early November, the authorities arrested President Saakashvili's former defense minister, the army chief-of-staff, and a brigade commander. By the end of the year, a score of former UNM officials—including the former energy and finance ministers and the general director of Rustavi 2, a national television station affiliated with the UNM—had also been arrested on corruption charges. In late December, criminal charges were filed in absentia against former justice minister Zurab Adeishvili for “organizing inhuman treatment of inmates,” in connection with the prison abuse scandal that broke in September.⁷ While some observers, especially members of the UNM, worried that the arrests were unilateral political reprisals, the Ivanishvili government insisted that the investigations were being performed in accordance with the rule of law and invited international organizations to monitor the process.

Electoral Process

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
5.25	4.75	4.75	4.50	4.75	5.25	5.25	5.00	5.00	4.75

Parliamentary elections in October contrasted favorably with the 2008 polls, which had been characterized by substantial procedural violations and manipulations to ensure victory for Saakashvili and the UNM. Despite instances of extralegal pressure on opposition supporters and the disproportionate application of new party finance oversight mechanisms to penalize Georgian Dream, both the campaigning period and the elections themselves showed a reduction in procedural violations. Tabulation was generally accurate and resulted in a historic win for the opposition.

All the seats in Georgia's 143-mandate, unicameral parliament went to the election's two main contenders, UNM and the Georgian Dream Movement, a coalition between between Ivanishvili's new Georgian Dream—Democratic Georgia party and five older opposition parties: the Republican Party of Georgia, Our Georgia—Free Democrats, National Forum, the Conservative Party of Georgia, and

Industry Will Save Georgia. Fourteen other parties, three of which had been in the last parliament, won votes but failed to cross the 5 percent threshold.

Election day activities were monitored by 1,641 international and 62,115 domestic observers from 50 local organizations.⁸ Most observers praised the Central Election Commission (CEC) for administering the voting in a transparent and efficient manner.⁹ Some isolated election day violations occurred in the regions, as in the town of Khashuri, where police reportedly stormed several precincts and changed the results in favor of the ruling party.¹⁰ These polls were annulled and Georgian Dream won a total of 5 seats from disputed precincts after re-balloting. Overall, observers determined that these irregularities did not ultimately affect the results of the vote, which ushered in a historic victory for the opposition.

The environment in the 90 days of official campaigning before the elections was competitive and characterized by largely unrestricted freedoms of association, assembly, and expression. However, it was also extremely polarized, as the two main parties strove to discredit each other with belligerent rhetoric and severe accusations. As in previous elections, the distinction between state and UNM campaign activities was often blurred, pointing to abuse of administrative resources. The Georgian nongovernmental organization (NGO) Human Rights Center investigated 39 cases of politically motivated intimidation, all of which targeted Georgian Dream supporters.¹¹

Georgia's new electoral code came into effect in 2012, introducing a number of key changes recommended by the Venice Commission of the Council of Europe. These included a shift in the ratio of single mandate constituencies to seats filled from party lists, though they did not address the problem of disproportionality between single-mandate constituencies. Under the new code, any party or political bloc receives at least 6 seats in parliament if it clears the 5 percent threshold, even if the actual votes translate into fewer mandates. This is intended to increase the chances for small parties to participate more actively in the parliament. A state commission was also set up to oversee the accuracy of voter lists.

The Venice Commission has also consistently appealed to Georgian authorities to address the issue of campaign finance, but the government paid little attention to the problem until Ivanishvili—whose personal assets are estimated at \$5.3 billion,¹² or half of Georgia's annual gross domestic product—announced his intention to enter politics and began transferring money to opposition parties. The UNM government moved quickly in late 2011 to adopt legislative changes regulating party and campaign finance.¹³ Among other rules, the Organic Law on Political Unions of Citizens banned corporations and foreigners from funding political parties and capped annual donations from individual citizens at GEL 60,000. It also prohibited donations of any amount by legal entities, state bodies, NGOs, and religious organizations. Georgia's state audit agency, or Chamber of Control (renamed in July 2012 as the State Audit Office, SAO), was given broad powers to monitor political parties' funding and seize assets or fine any group, company, or individual for "directly or indirectly" contributing to a political party in violation of campaign finance rules.

Previously, oversight of campaign finance was the purview of the CEC, but its authority was extremely limited. The new legislation does not require the Chamber/SAO to produce evidence of connections between donors and parties, nor to go through a court before imposing sanctions. A coalition of civil society groups protested the wording of the law, arguing that the lack of clarity and far reach of the law made its selective and subjective enforcement inevitable.¹⁴ After consultations with the coalition, authorities amended a number of items in the legislation in March 2012, making changes that went into effect in May. Nevertheless, domestic and international watchdogs reported throughout 2012 that the Chamber/SAO was using its new authority to bring disproportionate and arbitrary sanctions against members and alleged supporters of Georgian Dream. At year's end, UNM lawmakers still held top positions in both the SAO and the Inter-Agency Task Force for Free and Fair Elections (IATF), another body established to monitor campaign violations.^{15,16}

The election monitoring report of the Organization of Security and Cooperation in Europe (OSCE) documented 68 fines against Georgian Dream for alleged campaign finance violations, compared to 8 fines against the UNM, despite the fact that UNM donations were 6.5 times higher.¹⁷ The Chamber/SAO also failed to investigate how some social welfare beneficiaries, receiving monthly assistance of only GEL 30 (\$18) each, were able to contribute a total of GEL 49,000 (\$29,493) to the UNM.¹⁸

Ivanishvili himself was fined a total of \$90.9 million for allegedly attempting to buy votes with free satellite antennas and for using two of his companies, Burji and Elita Burji, to provide transportation services to the Georgian Dream under “preferential” terms.¹⁹ Eventually, the courts reduced the fine to half this amount in accordance with March 2012 amendments to the Law on Political Parties that limited fines to five times the illegally transferred amount, not ten as originally levied.²⁰ The amendments in question were the result of an energetic campaign by civil society groups, who succeeded in pressuring the parliament to remove the phrase “directly or indirectly related” from the recently revised law and limit the circle of entities and individuals accountable to the Chamber of Control to those groups having spent funds towards achieving declared electoral goals, rather than political or electoral ones. In early August, the SAO issued an order extending financial reporting requirements to media so that the SAO could more closely examine their relationships with private entities.

Civil Society

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75	3.75

When Georgia gained independence in 1991, western democratic countries began to take an active role in promoting and funding civil society in the country. However, shortly after the establishment of the Saakashvili administration, the

sector began to weaken. Many leading civil society figures became part of the revolutionary government, creating a vacuum of policy and advocacy professionals in the sector. The sector also began to politicize: as society split into pro- and antigovernment camps, so did think-tanks. The sector, which already struggled to maintain sustainable funding, struggled further as funding for NGOs was increasingly redirected through the Georgian government. Consequently, many CSOs weren't able to constructively engage the state on key policy issues because they were becoming too dependent on the government for funding. As the government focused on centralizing power, rather than strengthening democratic institutions, authorities turned a deaf ear to advocates who were more critical or held views contrary to government policies.

In 2012, the Georgian government rolled back a number of environmental laws, despite the protests from local environmental groups. Under amendments adopted in March to Georgia's environmental protection law, companies with a past record of environmental transgressions (anything from contaminating the Black Sea to air pollution) can receive amnesty in exchange for scheduled payments to the state budget.²¹ This law followed an amendment to allow the hunting of protected species that was passed before a qualified, estimated count had been done on animals. The government also pursued plans to construct new hydroelectric power stations, despite protests from environmental groups.²²

Civil society groups were more effective in pushing back against party finance legislation that directly threatened their operations. In its original form, the Organic Law on Political Unions of Citizens passed in late 2011 restricted funding of NGOs and other bodies considered to be either linked to political parties or to have "declared political goals and tasks." Some media and NGOs said the law was too vaguely worded, with the potential to penalize not only persons and organizations with declared political and election aims, but the relatives or business associates of such persons. In short, the law could affect almost anyone, and could thus be easily abused. Over 200 Georgian media organizations and NGOs banded together for a campaign called "This Affects You, Too," and lobbied the government to amend the law. In March, the ruling party accepted a number of key recommendations, removing some ambiguous wording ("directly or indirectly related to"), narrowing the circle of entities that fell under the law's regulations, reducing the fines, amending the 0.2 percent GDP cap on donations, and giving the courts more say over the decisions of the Chamber of Control/SAO.²³

The same coalition also pressed for parliament to require cable operators to carry all the television stations with news programs in order to increase public's access to information ahead of the October parliamentary elections. Parliament initially rejected the notion of a "must-carry" rule, but just 90 days before the election, the law was passed. It was enforced throughout the election period.²⁴

Two weeks before the vote, video clips documenting systematic torture of prison inmates stoked nationwide protests against the Saakashvili government. From the melee of antigovernment demonstrations, approximately 9 student groups emerged to form the backbone of an antigovernment movement that was

notable for its focus on an issue (prison abuse), rather than personalities. It was the first time Georgia's university students had taken such an active role in political affairs since the student movement, Kmara, helped propel Mikheil Saakashvili into power during the 2003 Rose Revolution. However, most of these groups refused to align themselves to political parties, reflecting a new trend in civic movements in Georgia. On 3 December, the Georgian Dream parliamentary majority nominated Ucha Nanuashvili as Ombudsman. Nanuashvili, executive director of a local human rights NGO, had been backed by a group of 24 local NGOs.

On 17 May, a small group of lesbian, gay, bisexual, and transgender (LGBT) activists marched in downtown Tbilisi for the first time ever to mark International Day Against Homophobia. The event ended in a scuffle with a conservative Georgian Orthodox group led by several priests, who blocked the march. Police stood by to ensure traffic would not be impeded. When some protesters attempted to bypass the obstruction by walking into the street, they were taken into custody. The next day, the activists held a tolerance rally in front of Tbilisi's parliament building.

Labor organizations remain extremely weak in Georgia. Workers' rights are poorly protected, and the labor code remains in violation of Georgia's commitment to international conventions. In 2012, Georgia's parliament amended the labor code by removing the 90-day cap on strikes and reduced the minimum membership requirement for establishing a trade union from 100 to 50 members.²⁵ The Georgian Trade Unions Confederation welcomed the amendments but complained that they had been prepared and presented to parliament without the participation of local trade unions.

The Georgian Orthodox Church continues to have a huge impact on Georgian society, with 83 percent of Georgians identifying themselves as Orthodox Christians. Among these believers, 94 percent trust the church, according to a 2012 poll.²⁶ Although subsidized by the state, the church claims to maintain political neutrality. In 2012, it continued to openly disagree with government policies such as sending children abroad for education. After the elections, a top aid to the patriarch was quoted as saying that the church looked forward to working with the new government toward the amnesty of "thousands" who had been imprisoned through Saakashvili's zero-tolerance policy.²⁷

Independent Media

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
4.00	4.25	4.25	4.00	4.25	4.25	4.25	4.25	4.25	4.25

Georgia has some of the most progressive media legislation in the region and a range of pluralistic media outlets. However, it suffers from a lack of impartiality largely due to the radical polarization of Georgia's political life and weak journalistic standards. Most television stations are seen as either progovernment or pro-opposition. Although censorship is forbidden in the constitution, journalists continue to

practice self-censorship, as editorial conditions are determined by political and private interests. In the lead-up to the 2012 elections, Georgia's media landscape became a fierce political battleground between the UNM—which controlled the major national broadcasters—and the coalition led by Ivanishvili, who sought to challenge the UNM's hold on media by purchasing his own television station, TV9. Technically, the station is fully owned by Accept LLC and Ivanishvili's wife, Ekaterine, owns 80 percent of its shares.²⁸

Television is the main source of political information for 98 percent of the population,²⁹ but only three main TV stations provide news programming on a national level: Rustavi 2, Imedi-TV, and the Georgian Public Broadcaster (GPB) Channel 1, which is state-owned. Before the October elections, Rustavi 2 and Imedi were both owned by individuals close to the ruling party. Not long after the elections, Imedi-TV was transferred back to the family of its original owner, Badri Patarkatsiashvili, whose death in 2008 had enabled a takeover by a longtime Saakashvili ally.³⁰ Prior to the takeover, Imedi had been considered an opposition channel. Rustavi remained in pro-Saakashvili hands at year's end.³¹

In June, the prosecutor's office began to seize thousands of satellite dishes from warehouses used by Global TV, a television provider mostly owned by Ivanishvili's brother. At the time, it was also the only television provider that would carry Ivanishvili's TV9 television station. Earlier that month, the Chamber of Control/SAO ruled that Global TV had distributed satellite antennas free of charge through a loan from Bidzina Ivanishvili in violation of party funding rules. Accordingly, the court fined Ivanishvili GEL 63.1 million (approximately \$38.08 million)³² for illegal contributions to Georgian Dream.³³ The prosecutor's office seized the dishes as part of its investigation into the alleged "vote-buying," despite the fact that Georgian law stipulates property can only be seized if it is believed the property will be used to commit a serious crime, punishable by up to 10 years (vote-buying is punishable by a maximum of 3 years in jail under Georgian law). Global TV maintained it offered satellite dishes and receivers to clients who signed a 10-year contract with the company to lease the dishes.³⁴ The prosecutor's office then went on to confiscate thousands of satellite dishes owned by Maestro TV, after the station announced it had planned to hand out dishes to viewers in the regions. Authorities alleged that Maestro, considered an opposition television station, was linked to Ivanishvili, an accusation Maestro denied.³⁵

Even as authorities were impounding satellite dishes, parliament made a complete U-turn and passed a "must-carry" law obligating cable operators to carry all television channels with news broadcasting to prevent arbitrary treatment of television channels by cable networks. The law was applauded by western observers as a solution to media access problems, but it was only designed to be enforced during the election period. Moreover, the law was poorly enforced, as some TV stations and cable operators refused to sign contracts. The Georgian National Communications Commission (GNCC) failed to regulate the "must-carry" transmission principles, leaving some operators free to turn off a rebroadcasted channel or delay its transmission.

Journalists working with local media outlets faced intimidation and were subject to harassment. The number of reported cases increased as the elections approached. Regional news outlets had difficulty getting the same access to local events as pro-UNM national television stations. Ten journalists were injured during a clash between Georgian Dream supporters and UNM supporters at a rally near Gori in July. Also in July, a television crew from Ivanishvili's TV9 was assaulted while covering an assembly. In May, the head of a local east Georgian newspaper claims he was dragged into a police station and assaulted by police.³⁶ Although law enforcement agencies launched investigations into some of these cases, rarely was somebody held accountable for intimidating, threatening, or harassing journalists. Additionally, an atmosphere of fear made it difficult for journalists to interview subjects, as people were afraid to go on record for fear of reprisals, most particularly in the regions. Because the relationships between local authorities and local independent media outlets are typically antagonistic, journalists often found it difficult to get comment from officials on the developments in their communities. Independent news outlets also found it difficult to find advertisers and claim that authorities pressured local businesses into not advertising.³⁷ For example, the only advertiser in the local independent newspaper, *Guria News*, was the Georgian Dream opposition party.

The Georgian National Communications Commission (GNCC) regulates and licenses the country's telecommunications and broadcast media. Because its board members are nominated by the president, it has long been accused of lacking independence. Its director, Irakli Chikovani, is a former co-director and co-owner of progovernment Rustavi 2. For a year after becoming director of the GNCC in 2009, Chikovani remained co-owner of MediaHouse, one of the country's two major media sales houses, earning a substantial salary in a sector he was managing as a chairman of the GNCC.³⁸ Although he sold MediaHouse in 2010, Chikovani still owns 35 percent of the shares of Magi Style Media, a company that produces television advertisements. He also co-owns three companies³⁹ with Giorgi Gegeshidze, who until November 2012 was director of Rustavi 2. Despite Chikovani's connection to Rustavi 2 and his advertising business, the head of GNCC's legal department maintains no conflict-of-interest rules have been violated.⁴⁰

Not long after the October elections, President Saakashvili granted a tax amnesty to television broadcasters, mostly benefitting the owners of pro-UNM Rustavi 2 and Imedi TV. Simultaneously with these changes, journalists at the Russian-language Kanal PIK channel, part of the GPB, aired a silent news broadcast to protest their inability to get information from the GPB about the station's finances and future.⁴¹ The channel was subsequently pulled off the air due to lack of funding. PIK, which was launched in January 2011, was intended to counter pro-Moscow reporting about Georgia, but has often been criticized for being too anti-Russian and too unequivocally supportive of President Saakashvili. In November, the Revenue Service launched a probe into GPB's tax arrears; UNM lawmakers called the probe an intimidation tactic.

Georgian broadcasting regulations ban political parties and public officials from holding broadcasting licenses, but this ban does not extend to their immediate family members. Prime Minister Ivanishvili's wife officially owns 80 percent of the shares of TV9.⁴²

Local Democratic Governance

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
n/a	6.00	5.75	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Georgian legislation outlines three levels of governance: national, regional, and local. The country is divided into nine regions, governed by presidential appointees. Starting in 2013, the constitution envisages the transfer of the power of appointment so that governors will be appointed by the central government, and not by presidential decree, as is the case now.

Adjara remains the only regional entity with limited autonomy. The head of Adjara's regional government is elected by the local Supreme Council, but proposed by the president of Georgia. The president currently has extensive rights to dismiss Adjara's parliament and government, but the new constitution will require the government's advanced approval. Two separatist regions, Abkhazia and South Ossetia, have remained outside of Tbilisi's control since the violent conflicts of the 1990s and are ruled by *de facto* governments.

The Georgian constitution, drafted in 1995, defined institutional guarantees for the independence of local governments, but these regulations are mainly declaratory norms, rather than legal obligations. Amendments adopted in 2010 increased the independence of local governments by granting them greater financial guarantees, but the funding provided to individual regions is comprehensively unequal in per capita calculations. Local self-governing units lack the financial resources to fulfill their responsibilities. The central government has increased transfers to Georgia's 5 self-governing cities, but appears to see less value in supporting the municipalities, where economic activity is limited. As a result, municipal revenues have declined, and municipal governments spend less per citizen than self-governing cities do on the provision of social, economic, educational, healthcare and cultural services.

District governments serve as local extensions of the central government, with very limited independence. Before October's parliamentary elections, representative structures were dominated by the UNM, allowing the central government to reinforce its control in the areas of state supervision, property management, and budget approval. The central authorities make decisions on the planning of individual programs and allocate funds for these programs. Throughout the preelection period, the state continued to implement a nationwide assortment of expensive infrastructural programs; though some of these fell under the jurisdiction of local self-governments, local authorities were entirely excluded from the decision-making process. Implementation and planning processes usually do not take into account the needs of local communities.

In several regions of Georgia, where the central government's large development projects have been underway or planned, numerous cases of property rights violations occurred during the preelection period. In a procedure that had been practiced for several years, some property owners were forced to officially abandon their property, which was automatically transferred to the state, or to directly give their property to the state as a gift. Proving these cases is difficult because the victims typically did not notify the police or media. Nevertheless, mass abandonment or "voluntary handover" of property as a gift can be traced through the Public Registry. As a rule, these cases occurred to a number of families in a specific area within the time span of a week. In most cases, the land was the only property registered to the owners. Other people lost property they had owned for years to the state when the Public Registry was unable to compare new (electronic) and preexisting (paper) cadaster drawings of the same space. After elections and the appointment of a new justice minister, citizens began filing suits to regain their properties.

Since the 2010 amendments, most local governments have seen a shift in power from the mayor's office to the legislature (Sakrebulo). One exception is the city of Tbilisi, where the authority of the mayor has been on the rise and role of the Sakrebulo has declined. In most cases, however, the mayor is now accountable to the Sakrebulo, whose chair holds the highest political office of self-government.

Before the 2012 elections, UNM controlled approximately 1,200–1,250 of the country's 1,263 elected local councils.⁴³ Today, it controls fewer than half, as elected town council members and executive representatives appointed by the council chairs (*gameblebi*) have been pressured to switch sides or step down. Protesters have broken into and vandalized public buildings and gone on hunger strikes to force the UNM out of town councils, rather than wait for local elections, which are slated for 2014.

Judicial Framework and Independence

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
4.50	5.00	4.75	4.75	4.75	4.75	4.75	5.00	5.00	5.00

Georgia's constitution and national legislation guarantee fundamental political, civil, and individual rights. The president, parliament, and Supreme Court each appoint three of the nine judges on the Constitutional Court. Since 2004, the government has increased budget funding to the judiciary, resulting in substantial improvements in regards to salaries, infrastructure, equipment, and staff. Bribery in the courtroom has been eliminated and judges are believed to be independent in most civil cases. However, despite implemented reforms and a commitment to using the European Convention on Human Rights as a model, the judiciary continues to suffer from undue influence of the Prosecutor's Office and the executive branch during the adjudication of criminal cases, particularly those cases where the political leadership's interests are at stake.⁴⁴ Lower-level courts sometimes lack funding because of their limited role in drafting their own budgets.

The constitution and various laws contain provisions designed to safeguard the independence of judges, but conditions regarding the tenure of judges and the composition of the High Council of Justice do not ensure full independence. Several laws contain loopholes that abrade the original intent of increasing judicial independence. For example, the law stipulates that a majority of members of the High Council of Justice—a body headed by the chairman of the Supreme Court—must be appointed by judicial professionals from the Conference of Judges. However, another provision states that representatives of all three branches of government in the High Council must consent to any judge's appointment, which makes it possible for presidential and parliamentary appointees to veto judicial appointments.

Georgia's justice system is prosecution driven. The conviction rate ranges from 98.3 percent to 99.9 percent, depending on the inclusion of partial acquittals.⁴⁵ The fact that a person charged by the prosecution is almost certain to be convicted may explain the extremely high percentage of accused persons (87.5 in 2011) who choose to accept plea bargains.⁴⁶ Monitoring groups report that judges not only side with motions of the prosecution but that they often base judgements on questionable evidence provided by the prosecution and police.⁴⁷ The speed with which the courts moved to enforce SAO decisions and confiscate property or levy fines against alleged violators of campaign finance laws speaks to a lack of careful judicial review. Some legal entities accused of making illegal contributions had their property seized not only before they had made any contributions, but before they had conducted any transactions using their bank accounts.⁴⁸

Throughout the year, authorities detained people for administrative offenses and deprived them of their right of due process. As the 2012 elections approached, a number of antigovernment protesters and opposition activists were detained for administrative offenses (misdemeanors), which are punishable by up to 90 days in prison.⁴⁹ Some were sentenced to up to 40 days' imprisonment, one week before the elections.⁵⁰ By law, defendants facing administrative charges actually enjoy fewer due process rights than alleged criminal offenders, as the Administrative Offenses Code does not require police to inform administrative detainees of their rights or tell them why they are being held.⁵¹ Human Rights Watch reports that some detainees serve their sentences of up to 90 days in temporary detention isolators (IDIs), which are designed to hold prisoners for 72 hours. The lack of due process also extended into the courtroom, where trials of accused administrative offenders rarely lasted more than 15 minutes and relied almost extensively on police testimonies. As signatory to the Universal Declaration on Human Rights, Georgia is obligated to guarantee defendants the right to a fair trial and protection against arbitrary detention. Shortly after its electoral victory, the Georgian Dream government announced it would eliminate administrative detention.⁵²

Numerous state and private employees reported during the year that they had been fired or threatened with dismissal for their political beliefs. Giga Bokeria, the head of the National Security Council and the IATF, called on state agencies and public schools to suspend termination of employee contracts during the election

period in order to preempt accusations of political motivation,⁵³ but dismissals continued. Bokeria reiterated the unconstitutionality of firing someone for his or her political views, but this principle proved difficult to enforce as the Georgian labor code allows employers to discharge employees without stating a reason.

On 18 September, video footage showing the systematic torture of inmates in a Tbilisi prison was broadcast on television, scandalizing the public and putting an international spotlight on the defects of Georgia's criminal justice system. For years, government authorities have failed to address repeated reports of widespread torture and mistreatment of prisoners. These problems have affected a growing portion of the population, as the presidential administration's "zero-tolerance" policy, even for petty crime, has quadrupled the number of prison inmates in less than 10 years.⁵⁴ Georgia's ministers of interior and corrections both resigned within days of the video's release. Reports of violence ceased when the president appointed the Ombudsman to head the penitentiary department, who in turn established an independent prison monitoring group.

On 21 December, parliament passed an amnesty bill in an effort to radically reduce Georgia's prison population. Originally, President Saakashvili agreed to amnesty a list of some 3,000 inmates, but the list grew longer when a parliamentary resolution classified an additional 190 inmates as political prisoners eligible for amnesty, including some who had been convicted of spying for Russia. President Saakashvili vetoed the bill, as he strongly disagreed there were political prisoners behind bars. Two local NGOs included in the parliamentary working group tasked with determining whether the prisoners in question could be classified as political prisoners had also withdrawn from the exercise, saying that two weeks was not enough time to fairly review each individual case. The parliament overturned Saakashvili's veto on 28 December.

A string of arrests of former government officials in the last weeks of 2012 raised concerns that the new government was pursuing a policy of political retribution. Georgia's new justice minister, Tea Tsulakiani, who was once a lawyer at the European Court of Human Rights has said that the process is about restoring justice and putting an end to the impunity that served the previous administration.⁵⁵

Corruption

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
6.00	5.75	5.50	5.00	5.00	5.00	5.00	4.75	4.50	4.50

Following the Rose Revolution, the Saakashvili administration took steps to rebuild a law enforcement structure rife with petty corruption. Bureaucratic regulations were streamlined and strict controls implemented to prevent bribery in the civil sector. Authorities zealously pursued organized crime syndicates ("thieves-in-law"), arresting some as others fled abroad. The near-eradication of low-level corruption in state services can be attributed to the Saakashvili administration's "zero-tolerance" policy, which has often been imposed at the expense of due process. According to

Transparency International's most recent Global Corruption Barometer, 77 percent of Georgians believe their government has been effective or extremely effective in fighting corruption.⁵⁶ The same survey reveals that political parties and the judiciary are perceived as the country's most corrupt institutions.

Anticorruption reforms related to the ease of starting and operating a business have also been effective. In 2005, Georgia was ranked 112th in the World Bank's *Doing Business* index; in the 2013 rankings, Georgia was in 16th place.⁵⁷ However, local business people have often claimed that support for the political opposition can result in a visit from tax police or more serious forms of legal persecution.⁵⁸

In response to domestic and international pressure, in April 2012 Georgia's parliament abolished the 2011 Tax Code and Law on Enforcement Proceedings, which it pushed through just weeks after Bidzina Ivanishvili announced his intention to form an opposition party. These laws gave Georgian tax authorities priority over the secured claims of financial institutions. Simply put, the state could legally take a bank's property that was put up as collateral by somebody who owed the state taxes. While in effect, this law was used exclusively against Ivanishvili's Cartu Bank, from which the state received \$114.6 million in assets.⁵⁹

Georgian law forbids members of parliament to hold any kind of executive, supervisory, or consultative business functions or to profit from any kind of commercial activity, but there is no law preventing parliamentarians from profiting from their shares in businesses. Despite some improvements in the transparency of ownership regulations, the relationship between the government and businesses remains largely opaque. The ownership of many businesses in Georgia is linked to people close to the Saakashvili, but because the companies are registered offshore and co-owned by various internationally registered shell companies, the direct owners are often impossible to trace. Investigations by Transparency International Georgia and other watchdog groups have linked the corporate owners of many of these companies to a handful of people connected to the Saakashvili government, including David Kezerashvili, the former head of the tax police and minister of defense, who became a successful businessman soon after leaving office. Meno International Ltd. which is co-owned by GNCC head Irakli Chikovani and Giorgi Gegeshidze, co-owner of Rustavi 2, helped build the new parliament building in Kutaisi. Caucasus Road Production Ltd, which is owned by former employment minister Paata Trapaidze, was also involved in the project.⁶⁰

An enormous amount of renovation continued in Tbilisi throughout the year. Some of the contracts for this work held without tenders because the projects were issued from nonprofit or non-entrepreneurial entities like the Tbilisi Development Fund. Because such funds are set up as NGOs, they are not subject to the same public disclosure rules that govern the state budget. Sulkhan Suladze, a lawyer from the Georgian Young Lawyers Association (GYLA) estimates that these funds receive about 15–20 percent of the city of Tbilisi's annual budget.⁶¹ Several high-ranking Tbilisi City Hall officials are also board members of the Tbilisi Development Fund.

Today, only five gasoline companies operate in Georgia. David Kezerashvili owns one and has shares in the distribution company of another. Rather than

fluctuating with the price of oil, gasoline prices in Georgia have steadily increased, and every gas station offers the same rate per liter. This has lead economic experts to believe there has been a coordinated effort by the country's gasoline companies to control the market.⁶² Soon after his party's election victory, Bidzina Ivanishvili announced he would not tolerate cartel arrangements.⁶³ The prices of gasoline immediately dropped at some gas stations.⁶⁴ The same warning was issued⁶⁵ to the three main pharmaceutical companies—Aversi, PSP, and GPC, all UNM campaign contributors—that have cornered the Georgian pharmaceutical market.⁶⁶

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