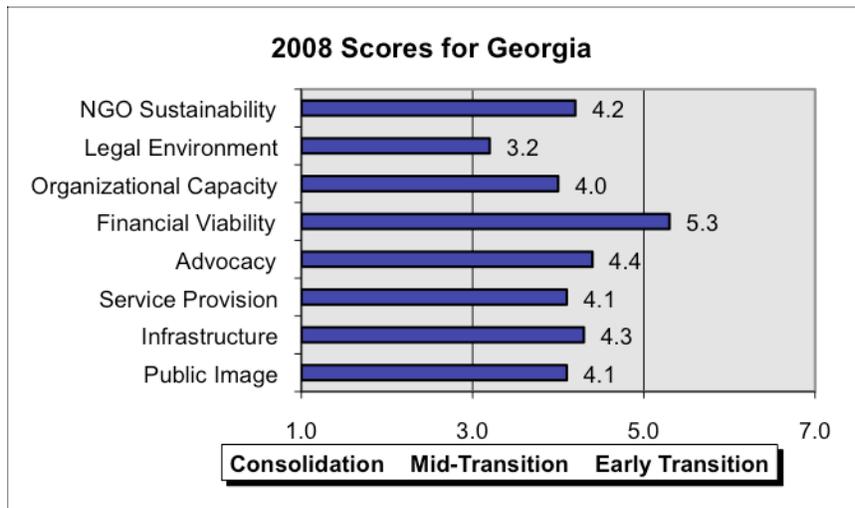


GEORGIA



Capital: Tbilisi

Polity:
Republic

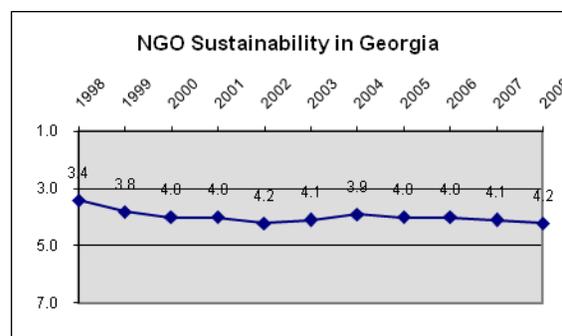
Population:
4,615,807 (July 2009 est.)

GDP per capita (PPP):
\$5,000 (2008 est.)

NGO SUSTAINABILITY: 4.2

Events in Georgia in late 2007 and 2008 shook already uneven public confidence in democratic processes and institutions. These events included the forceful crackdown on peaceful protests and the closure of the Imedi television station in November 2007; hastily adopted election law changes; the controversy surrounding presidential and parliamentary elections; the opposition party's refusal to assume its parliamentary election mandate; and the government's handling of the August 2008 conflict with Russia.

The government neglected public participation and input, rejecting attempts to question its policies by arguing that the development of an effective state required deliberate and swift action. The government made important decisions without leaving enough time for public input and parliamentary debate. The ruling party's opaque decision making and the lack of opportunities for dialogue contributed to diminishing public trust and confidence in state institutions. The August invasion united the country against a common threat, but also underscored existing problems and the gap between the government and the population.



The government of Georgia's consolidation of power has polarized and politicized society and made the ruling party and executive branch predominant over all other institutions in the political system. The absence of countervailing, constraining institutions became a growing concern. The parliament, dominated by the president's party, is ineffective and unable and unwilling to check the power of the executive. The judiciary is weak and suffers from a poor public perception. The media lacks diversity of independent viewpoints and with the closure of Imedi TV, news coverage has become significantly less diverse. The year 2008 was marked by the final steps in the shift from a two-sided, polarized media environment to a media that favors the pro-government perspective.

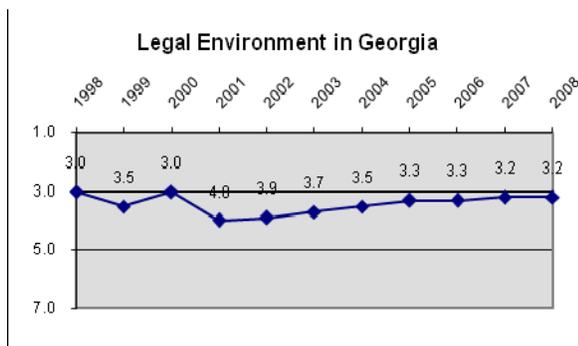
Although the government has attempted to act more transparently since the August conflict and, under western pressure, pledged to change its institutional culture to regain the people's trust, it still has far to go to achieve these goals.

Georgia's civil society has grown weaker in its ability to serve as a check and stabilizing influence on the state. Civil society organizations' overall visibility and political influence continue to diminish. While the Georgian Orthodox Church, which has the highest levels of public confidence in society, played a significant mediating role in disputes between the government and opposition parties during the political crisis, the NGO community largely failed to get involved in public discourse on substantive political issues. After the August events several think tanks produced papers about the consequences of the Russia-Georgia conflict, yet there were no attempts within the NGO

community to start a dialogue to assess the causes and the impact of this devastating military confrontation.

Other disturbing trends in the development of the NGO sector include increased polarization within the NGO community—those identified as “pro-” or “anti-government”—and the growing gap between the capital and the regions. The sector has become smaller, and many small organizations, particularly in the regions, have disappeared. They could no longer obtain donor support and failed to develop the means to sustain themselves. An estimated 10,000 NGOs are registered in the country, although the number of active organizations continues to diminish. Even the most experienced and sophisticated NGOs are forced to shift their activities to areas where donor funding is still available.

LEGAL ENVIRONMENT: 3.2



Over the past year, the legal framework experienced little change and remains generally progressive and supportive of NGO activities. NGOs operate free of state control or the threat of political or arbitrary dissolution. The Civil Code provides for simple procedures for NGO registration and operations.

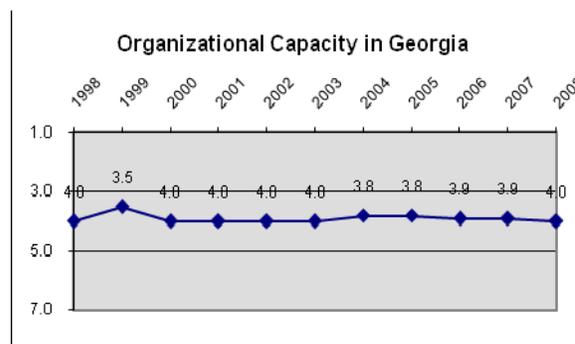
Mainly because of the heated political environment, NGOs were not able to lobby for further improvements in the legal framework regulating their activities. The existing tax

legislation treats donations from foreign and domestic sources differently, giving international donors more beneficial treatment than domestic funding sources. There is an urgent need to develop laws and regulations promoting financial sustainability of the sector in response to the decrease in funding from foreign donors. Tax incentives for corporate and individual donations are limited and do not do enough to stimulate domestic philanthropy. Tax exemptions for economic activities would allow NGOs to engage more actively in raising revenues. While NGOs can compete for government procurements and contracts, there are no legal mechanisms for the state to provide grants to NGOs. The Civil Society Institute, an NGO, has drafted a law on state grants that would introduce a system for allocating public funds to NGOs. The draft law is currently being reviewed and discussed by the NGO community and various ministries, including the Ministry of Education and Science and the Ministry of Health and Social Welfare.

ORGANIZATIONAL CAPACITY: 4.0

Since 2004, organizational capacity has slowly decreased, reflecting the gradually deteriorating human and institutional capacity of the sector, especially in the regions. Georgian civil society has been weakened as many of its leaders have left to serve in government after the Rose Revolution. As the government has been able to pay better salaries, it has continued to draw talented and educated experts and organizers from NGOs into government leadership positions, creating an ongoing brain drain from the third sector.

In the last several years the most notable trend related to organizational capacity was the growing divide between larger, more professional organizations and small, institutionally weak NGOs, which made up the majority of the sector. In 2008, the whole sector, including sophisticated Tbilisi-based NGOs, was weakened institutionally. Even well established, sophisticated NGOs were forced to relinquish some of their traditional work and engage in activities outside of their missions to secure funds from international donors. For instance, an NGO working on legislative issues got involved in a poverty reduction program. Constant shifts and adjustments of priorities negatively influence organizational development and long-term planning processes.



Many of the problems at the national level are exacerbated at the local level. NGOs and associations are fewer in number and smaller in the regions, largely because of fewer sources of funding. The majority of organizations operate from project to project and find it increasingly difficult to retain qualified, professional employees. Donors rarely consider supporting overhead costs of NGOs, which would help to cover administrative costs. Several NGOs in Kutaisi even split project salaries to maintain permanent staff. In Batumi, NGOs make systematic efforts to target youth in order to attract interns and volunteers among high school students. While these individuals bring needed human resources, they quickly move on to more attractive paid jobs and do not stay long enough to contribute to the institutional strengthening of the organization.

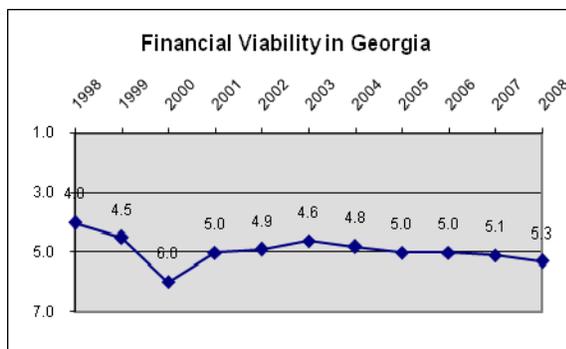
FINANCIAL VIABILITY: 5.3

Donors' heightened confidence in the capacity of civil society—the catalyzing force of the Rose Revolution—led to a shift in resources and funding away from the nongovernmental sector. Within a few years after the revolution, most donors switched to supporting governance through interaction with the state, or mainstreamed civil society activities as part of their larger portfolios, thus contributing to stagnation in the development of the civil society sector.

Since few funding sources other than the international donor community exist, financial

sustainability continues to be a major challenge for NGO development. The greatest sources of domestic funding in most developed democracies—the government and private philanthropy—are nearly nonexistent in Georgia.

The NGO community is generally unprepared for the phase-out of international donor programs. The development of a draft law on state grants to NGOs is one of the few attempts to encourage diversification of domestic funding. It is difficult to achieve financial viability when the national government



interacts only with a limited circle of NGOs, local authorities do not have resources and are unwilling to cooperate with NGOs, and the country has no tradition of philanthropy. Businesses choose not to support NGOs, especially if an organization does not have positive relationships with the local authorities. Apart from political tensions, the postwar environment has further exacerbated the

ADVOCACY: 4.4

Georgia still possesses a small number of active and vocal NGOs oriented towards public and political affairs. Some of these serve watchdog functions, earning considerable public credibility. These NGOs played an important role in 2008 presidential and parliamentary elections by educating voters, monitoring elections, and collecting and publicizing information about election irregularities.

Yet, the deterioration of the advocacy score reflects the politicization and polarization of civil society and the inability of NGOs to assert their influence on key policy issues through advocacy, monitoring and fact-based analysis. Most former NGO leaders who went to serve in government are focused on pursuing their reform agendas rather than on maintaining allegiances to former colleagues. The government is willing to communicate and collaborate only with a narrow circle of NGOs perceived to be politically loyal and like-minded. Furthermore, the government often dismisses critical input from watchdog NGOs and interest groups as politically motivated attacks by “opposition” NGOs. This environment has resulted in a polarization of the

situation. The level of economic development continues to slow down, and the business sector has weakened considerably and has even less incentive to make individual or corporate charitable contributions. As a result, NGOs are struggling for shrinking resources, with only the largest and most professional associations able to access funding, while many smaller NGOs and grassroots organizations have ceased operations.

While NGOs in the regions are gradually realizing that there is nothing wrong with raising some revenue from their services, the public is reluctant to accept this new mode of operation. Large NGOs also have difficulty engaging in economic activities, since no tax exemptions are available.

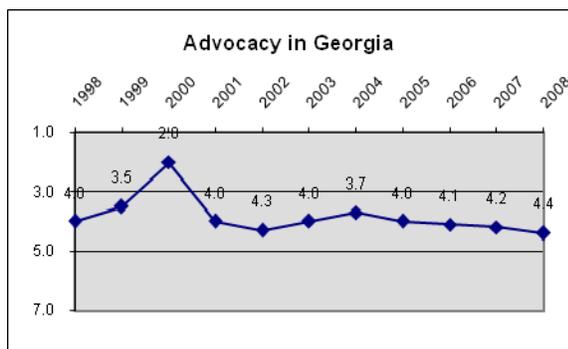
civil society sector between those with and those without access to and influence over government.

The highly politicized environment makes it extremely difficult for NGOs who engage in public affairs to maintain neutrality. Some NGOs are not constructive in their criticism of the government. This complicates the efforts of civil society organizations to exercise their advocacy and watchdog functions and to influence the policymaking process.

On the other hand, a shortage of educated and capable development professionals and a lack of funding inhibit NGOs’ ability to provide political advice and policy analysis. NGOs rarely draft concept or policy papers for government submission because of a lack of funding as well as an absence of government demand for civil society involvement. These two factors limit the number of NGOs willing to work in the public affairs field. Consequently there is little civil society power and expertise to demand government reforms and accountability. A few think tanks and policy-oriented NGOs in Georgia provide high-quality research on key

policy issues, but their activities are not well communicated to the public through mass media and do not foster an open exchange of ideas.

Cooperation between the government and NGOs usually takes place when the interests of both parties coincide or the government draws on NGOs' technical expertise to fulfil international obligations. For instance, the UN Association of Georgia is assisting the government to develop a national integration policy. This work is conducted in close collaboration with the president's advisor on civic integration issues.



Many of the problems at the national level are mirrored in the regions. Civil society participation in municipal governance is low. Georgia's municipal governments are more accountable to the appointed regional governors than to their own constituents. The dominant presence of the ruling party, political loyalty to the national government, and weaker civil society make advocacy even more difficult at the local level. This is compounded by the fact that local officials do not have adequate resources to address local issues.

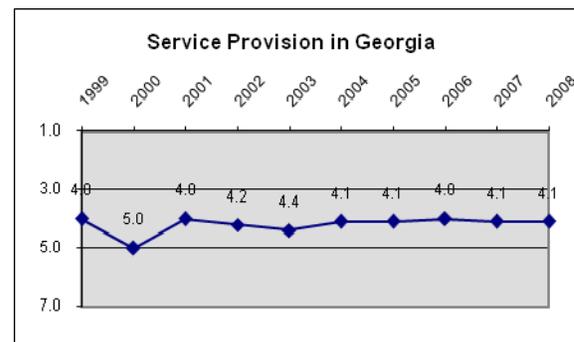
Frequent turnover in local government precludes both sides from establishing long-lasting relationships. For example, the Association of Young Economists and several local NGOs collaborated with local authorities in Kutaisi to prepare an economic development plan for the city. The plan was expected to be reviewed and adopted by the end of 2007. By that time, however, most of the local administrators were replaced and the newly appointed officials did not want to assume commitments made by their predecessors. As a result, this comprehensive document was not even considered.

SERVICE PROVISION: 4.1

As a result of the August 2008 conflict, Georgia found itself with approximately 130,000 new internally displaced persons (IDPs), who joined the 220,000 IDPs from the conflict with Abkhazia in the 1990s. From the first day of the humanitarian crisis generated by the conflict, Georgian NGOs were engaged in delivering humanitarian relief, combating infectious diseases and providing psychosocial services to affected families and children. Work with IDPs remains the most important task for these NGOs.

Georgian NGOs continue to offer a variety of services to the public in areas such as education, health care, social welfare and legal aid. Although no survey was conducted in 2008, observers report an increase in demand for legal consultations and human rights protection, particularly in the regions.

In general, the market for NGO services remains underdeveloped and the demand for services is



limited, except in the areas of legal assistance and human rights as mentioned above. Several factors contribute to this situation. First, over the last few years

the government has improved its provision of basic services to citizens in a number of areas, reducing the need for NGO involvement. Second, NGOs generally lack the ability to market their services. Those which provide

services to constituents are often unable to promote these services to other organizations or the government. Finally, the government, private sector, and broader population continue to perceive NGO services as charitable activities that ought to be provided pro bono.

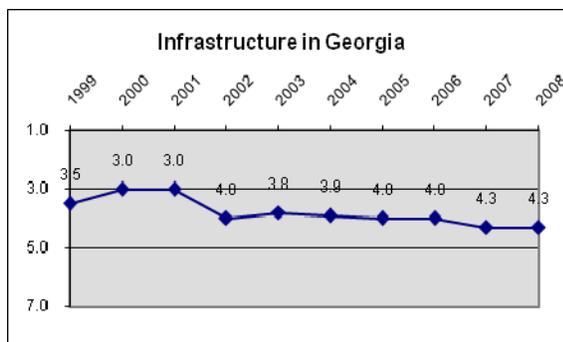
The vast majority of NGO service programs are largely dependent on international donor support. Since less funding was available in 2008 to support the work of advocacy, watchdog and policy NGOs, several organizations were prompted to change the nature of their services and adjusted their activities so that they could tap into donor funding without abandoning their original mission. In an extreme example, an NGO that traditionally works on legal issues is now heavily involved in work on poverty

reduction and distributes food in Georgia's regions.

In the regions, where the primary consumers of NGO services are low-income citizens, revenue generation is almost nonexistent. Central government control over local budgetary revenues leaves municipalities without adequate resources to address local issues. Consequently NGOs have very limited access to local government funding. Last year Batumi municipality contracted the local NGO Institute of Democracy to provide services to a rehabilitation center for juvenile delinquents. This contract serves as a rare example of the outsourcing of services that local authorities cannot provide themselves.

INFRASTRUCTURE: 4.3

NGOs did not make progress in building local constituencies or networking. Coalition-building and intersectoral partnerships remain largely donor-driven activities funded through specific programs. As donor funding continues to decrease, levels of collaboration among NGOs also decrease. Networking remains limited to informal, ad hoc initiatives to address immediate problems, rather than sustained efforts on long-term issues.



Primarily because of the persistent political turmoil and polarization, which dominated public attention, NGOs have been even less successful in reaching out to other sectors. An exception is the coalition “Transparent Aid for

Georgia” formed by NGOs, independent experts and media representatives. This coalition was created to monitor the efficiency of foreign aid pledged to Georgia at the donors’ conference after the Georgia-Russia crisis in August. The coalition will carry out a large-scale monitoring, advocacy and awareness-raising campaign to hold the government accountable for the use of the significant inflow of foreign aid. Overall, even fewer coalitions formed in 2008 than in 2007.

The majority of NGOs have even less access to training and other technical assistance services than in the past. Most of the services are available only in the capital and there is an extreme shortage of quality services in small towns and rural areas. Georgia has no NGO resource centers in the regions.

Diminishing donor funds prompted leading NGO training providers to diversify and improve the quality of their services aimed at the business community, although the economic crisis following the August events seriously reduced the demand for their services.

PUBLIC IMAGE: 4.1

Public space in Georgia is currently dominated by two major actors: political parties and the church. Heated debates between the ruling party and opposition in the lead-up to presidential and parliamentary elections, and the increased visibility of the church in mediating political disputes, left little room for consideration of other actors or issues. As a result, the overall visibility and perception of NGOs continued to diminish.

Because the media was focused on issues of domestic politics, the NGO sector's public image was shaped primarily by NGOs that were active in the political environment: a small number of election monitoring NGOs and radical organizations such as the Egalitarian Institute, known for its anti-government stance and affiliation with opposition parties. The work of service-providing NGOs became even less visible.

Major television channels regularly hosted political interviews and debates. Even the pro-government media outlets presented opportunities for freewheeling political debate, although the discourse on public affairs was more polemical than informational. While several experts were regularly invited for analysis and commentary regarding political processes taking place in the country, the extremely politicized society associated them with the government or opposition, depending on the content of their analysis.

In general, the media did not recognize the NGO sector as a source of expertise on substantive policy issues. Often the media ignored NGO activities because they did not perceive them to be newsworthy. As a result, the image of the sector is poor, marked either by a lack of public awareness about NGOs, or by a high level of distrust.

Both in the capital and in the regions, NGOs complained of the low level of professionalism in the media. Journalists tend to be generalists without specific training or experience in certain spheres of reporting. They do not understand the nature of NGO work and are unable to communicate it to a wider public. On the other hand, some media representatives complained that NGOs became overly cautious in providing comments so as not to spoil relations with local officials.

