



FREEDOM, RAPID DEVELOPMENT & WELFARE

GOVERNMENT PROGRAM FOR 2018-2020

June 2018

INTRODUCTION

Since 2012, the Government of Georgia has implemented genuine and streamlined reforms aimed at building a democratic state based on the main principles of democracy. These principles include fairness, freedom, equality, rule of law, respect towards human rights, security of property rights, freedom of doing business, independence of the judiciary and media, depoliticized police, and equal opportunities for education and medical treatment.

The Government of Georgia consistently seeks to strengthen the rule of law to make sure that the independence of the judiciary and performance of law enforcement are improved and in line with the best European standards. Freedom of media and expression must be ensured. The government will intensify its efforts to deepen the accessibility and affordability of quality education and healthcare for each citizen of the country by improving the social programs offered in the public sector. New jobs will be created, and poverty will be overcome.

The Government's top priorities are fully integrating Georgia in the European and Euro-Atlantic space, increasing development and strengthening of democratic institutions, maintaining balance between the high standards of democracy and economic growth, reforming the education sector, supporting small and medium-sized businesses, facilitating entrepreneurship and business start-ups, and integrating the country in the global economic system.

Security of the country and regional positions of Georgia will be reinforced, efforts for the accession of the country into the European Union (EU) and North Atlantic Treaty Organization (NATO) will be continued, and integration into EU and NATO will be deepened. A key aspect of the foreign policy agenda will be the non-recognition policy of the occupied territories and achievement of de-occupation through the engagement of international community. Work will be pursued to launch direct dialogue and reconciliation process with Abkhazians and Ossetians.

GOVERNMENT VISION ON SOVEREIGN DEVELOPMENT

The Government of Georgia's policy agenda for 2018-2020 should create a solid basis for the social and economic development of the country with a long-term perspective.

The government vision for the sovereign development towards this end is based on the following principles:

- Full manifestation of the historic choice of the Georgian nation and irrevocable integration of Georgia into the European and Euro-Atlantic space. Approximation with European and Euro-Atlantic standards is essential in every sector, including economic policy and international trade, reform of the education system, institutional development of the country and increased capacity of defense. Georgian Dream has been successful in this realm and will continue to strengthen its efforts.
- The government will pursue fundamental and innovative reforms in all these directions. These reforms will result in a model economy where fair rules and regulations will be institutionalized in a way that each household and citizen of Georgia will see. As a result, we will overcome poverty and slowing economic growth while maintaining the high standards of democracy. At the same time, we will continue to develop and strengthen democratic institutions.
- A Small government. Georgia needs a small, flexible, and effective bureaucracy. Government agencies operate with high standards of transparency and are subject to public and institutional control, including the anti-corruption prism.

- Education, youth and innovation. Educated, motivated, entrepreneurial, confident youth will lead to the achievement of the main goal, which will position Georgia among the developed and innovative economies. Fundamental reforms in education and wide-scale investments will be given high priority.
- Individuals and humanity will remain our main priority. Hence, all the efforts or initiatives will be oriented towards every individual and their freedom and dignity to provide wide opportunities and the ability for self-realization in their own country.

The implementation of reforms based on these principles will help ensure the return of our Abkhaz and Ossetian brothers to Georgia.

1. FOREIGN POLICY, SECURITY AND DEFENSE

1.1.FOREIGN POLICY

The main goal of Georgia's foreign policy is to fully realize the historic choice of the Georgian nation and **to integrate the country into the European and Euro-Atlantic space.**

With an aim of **full integration into the EU**, the government will deploy all the available mechanisms of cooperation with EU. The integration agenda will be based on the roadmap, which defines specific directions and key priorities, ensuring a greater systemic, consistent, projectable and transparent approach to the European integration process.

In line with the roadmap, the Government of Georgia will:

- Continue the effective implementation of the EU Association Agreement (AA) with Deep and Comprehensive Free Trade Area (DCFTA), which is the main legal basis of interaction between Georgia and the EU. It envisions modernization and transformation and is in line with European standards;
- Make specific steps to deepen the cooperation with the EU in security and defense;
- Make specific steps towards sectoral integration with the EU, thus positioning the country closer to the sectoral norms and policies of the EU;
- Implement the analysis of legislative compatibility with the EU legislation to plan further steps ahead;
- Continue the effective use of the available opportunities offered within the Eastern Partnership initiative, including the attainment of results envisaged in the document titled as 20 Results of Eastern Partnership by 2020.

At the same time, the Georgian government is keen to deepen its political dialogue with the EU and its member states to achieve European integration. European integration will ensure visa-free travel between countries in the Schengen zone, creating new opportunities for our citizens and expanding interaction between people.

Full integration with NATO is the most significant goal of the foreign and security policies of Georgia. It is also one of the most important facilitating factor for strengthening the security and for developing the stability of the country. Georgia vigorously continues its efforts to implement the decision made by the alliance members at the Bucharest Summit of NATO in 2008 claiming that "Georgia will indeed accede to NATO." The country continues effective application of the Annual National Program, NATO-Georgia Commission, and substantial package of NATO-Georgia being the key tools of NATO integration. Georgia has successfully and continues to implement reforms aimed at the democratic development and defense capacity building.

The government will continue to prepare the country for membership in the alliance by deploying the available political and practical tools:

- NATO-Georgia Commission, being the most important format of the political dialogue with NATO will be used to its utmost capacity;
- Implementation of the Substantial Package of NATO-Georgia will be continued, aimed at the defense capacity building of our country and increased compatibility with the Alliance thus supporting the preparation of Georgia for its membership in the Alliance. Cooperation with the Alliance will be continued and deepened for strengthening the security of the Black Sea basin;
- Georgia will remain to be a significant partner of the Alliance in strengthening the international security and it will continue the deployment of the opportunities granted under the status of a partner with increased opportunities. Interaction with the Parliamentary Assembly of NATO will be actively pursued.

With an aim of ensuring the progress towards integration in Europe and Euro-Atlantic integration, the Government of Georgia will work towards reflecting the due interests and priorities of Georgia in the resolutions of the Brussels Summit of NATO in 2018.

With an aim of integration in the European and Euro-Atlantic structures and in parallel with effective steps, key priority of foreign policy is to **strengthen the sovereignty and un-alteration of internationally recognized borders**, de-occupation of the country and restoration of territorial integrity of Georgia, which is possible only through peaceful efforts.

The Government of Georgia will continue with its endeavors to ensure the full implementation of international commitments assumed by the Russian Federation, including the Cease Fire Agreement concluded with mediation of the EU on August 12, 2008 and to increase the international engagement in this process.

Georgia will continue its constructive and active participation in the International Negotiations of Geneva, which is the most important format with co-chairmanship of the European Union (EU), United Nations (UN), Organization for Security and Cooperation in Europe (OSCE) and United States of America (USA) for the resolution of the security and humanitarian problems arising from the conflict between Georgia and Russia.

Government efforts will be targeted at the achievement of tangible progress on such key topics of the negotiation agenda, as the confirmation and adherence to the obligation of no forced action by the Russian Federation, creation of international mechanisms of security in the occupied territories, along with the safe and dignified return of the internally displaced people (IDPs) and refugees.

Special attention will be paid to the consolidation of the international efforts towards prevention of escalation of the Russian-Georgian conflict and towards ensuring the security and protection of human rights in the occupied territories of Georgia. With an aim of further mobilization of support from partner countries and international organization, the Government of Georgia will continue the permanent exchange of information to the international community on the current situation in the occupied territories of the country and steps made by authorities within the peace-making policy. Work will be actively continued towards ensuring the access to international mechanisms of human rights protection at the occupied territories.

A proactive approach will be used to ensure the full implementation of the EU Monitoring Mission mandate in the occupied territories.

The government of Georgia will continue active work to further strengthen the non-recognition policy of the so-called independence of the occupied regions at the international arena. Active efforts will be pursued to prevent the possible risks and to respond to individual unlawful cases.

Within the peaceful regulation policy of the conflict, special attention will be paid to the reconciliation and restoration of trust between the people segregated by war and division lines. New peace initiative of the government of Georgia titled as Stepping into a Better Future will be continued and communication will be pursued for the facilitation of the dialogue and reconciliation process between the societies separated by the war, implementation of specific projects towards restoring the trust, facilitation of trade along the division lines, care towards population affected by the conflict, response towards socio-economic and humanitarian needs, accessibility towards various services, development of education possibilities, public diplomacy and facilitation of cooperation based on mutual interests.

Bilateral and multilateral diplomacy mechanisms will be deployed to achieve the goals defined within the foreign policy.

WITHIN THE SCOPE OF BILATERAL DIPLOMACY:

Strategic cooperation will be continued and further intensified with the USA, being the main ally of Georgia. Namely, our goal is to:

- Intensify the cooperation within the Strategic Partnership Charter of US-Georgia along with priority directions;
- Maintain and increase the strong bipartisan support at US Congress and Senate towards Georgia through the adoption of Georgia-specific key decisions, legislative deeds, resolutions and statement;
- Deepen the cooperation with the US in the areas of defense and security with an aim of institutional development of military forces and defense capability;
- Continue to work towards bilateral trade and investment relations within the format of High Level Trade and Investment Dialogue (HLTID), including the discussion of free trade opportunities.

The most significant aspect will be to advance the bilateral strategic partnership with countries of Western Europe, along with the continuation and further deepening of partnership relations with traditional European allies.

Regional stability will be further facilitated, and balancing policy will be pursued in the region.

Facilitation of trade where there is economic, cultural, and people-to-people contact will continue within the rational and de-escalation policy with the Russian Federation.

Political, economic, cultural and sectoral treaty and legal relations will be deepened at the bilateral level with countries of the Middle East, Africa, Latin America and Caribbean.

Active cooperation in bilateral and multilateral formats will be continued with countries of Asia and Oceania. Steps will be made again towards strengthening the current relations with Central and South-East Asian states for the development of sustainable and positive trend of cooperation.

MULTILATERAL DIPLOMACY

Active engagement of Georgia in the operation of international organizations (UN, OSCE and Council of Europe) is a key direction of the country's foreign policy, along with the

implementation and positioning of the respective policy of the national interests of Georgia, active cooperation with international organizations and institutions operating within their umbrella. All of these will be predominantly done to ensure the success of current democratic reforms implemented within the country, solidification of human rights, active engagement of international organizations in the process of peaceful resolution of Russian-Georgian conflict, access to international mechanisms of human right protection in the occupied regions, facilitation of dignified and safe return of IDPs to their original places of domicile. Also, active work will be pursued towards increasing the representation of citizens of Georgia at international organizations.

Georgia continues to work on maintaining the Russian-Georgian conflict issue high up in the agenda of international organizations.

Within the timeframe of membership in the UN Human Rights Council (2016-2018), Georgia will find the best use of this important format to focus on the current human rights position in the occupied regions and recurrent human rights violations inter alia through specific initiatives.

Georgia will assume Chairmanship of the Council of Europe in 2019-2020. The government will do its best to successfully plan and execute this role.

Regional cooperation will be continued within the scope of GUAM - Organization for Democracy and Economic Development. Interaction will be continued with such regional organizations, as the League of Arab States, Gulf Cooperation Council (GCC) and African Union. Cooperation will also deepen with the Association of South-East Asian Nations (ASEAN), Organization International de la Francophonie (OIF), Comunidade dos Países de Língua Portuguesa (CPLP) and other international organizations.

With an aim of achieving the foreign policy priorities it is essential to pursue active **strategic communication** on the measures implemented by the Government of Georgia to maintain the high and informed support of the population towards the foreign policy of the country.

With an aim of maintaining the high support towards the European and Euro-Atlantic integration of Georgia:

- Measures for the prevention and reduction of the impact of the anti-western propaganda on the population will be continued through the implementation of tangible measures, effective implementation of strategic communication, which does not imply the use of counter-propaganda;
- Active public information campaign will be implemented with an aim of providing accurate, comprehensive and objective information to the population of Georgia on the challenges and opportunities associated with integration of the country in the EU and NATO, European and Euro-Atlantic space. Information will also be provided on the implemented and pending reforms;
- Cooperation will be continued for the coordination of efforts shared with the civil society;
- Cooperation will be continued with strategic communication units within EU, NATO and their member states.

With an aim of strengthening the image of Georgia as a stable, modern, democratic country with indigenous culture, more efforts will be used to intensify the cultural diplomacy. Clear focus will be made on the fact that Georgia is an integral part of the European cultural space and is actively engaged in the modern, international, cultural processes.

One of the priorities of the foreign policy of Georgia is to facilitate the wholesome and strong development of diaspora with close links with the homeland. To achieve this goal, it is essential to advance such sustainable relationship with the diaspora, which ensures a wide access to state opportunities for the expatriates and effective implementation of sovereign interests for Georgia.

The government will support the implementation of common interests of the expatriates and diaspora organizations, maintenance of national identity and cultural authenticity, effective operation of diaspora organizations, close cooperation with government, non-government, international organizations and countries of domicile of the expatriates.

Special attention will be paid to the engagement of the diaspora in the socio-economic development of Georgia and facilitation of dignified return of our expatriates to Georgia.

Reconstruction and rehabilitation process will start towards Leuville estate transferred to the public ownership of Georgia in 2016 with an aim of transforming it into a Georgian cultural and educational center in future.

With an aim of protecting the rights and lawful interests of the citizens of Georgia living overseas:

- Coverage area of consulate services will be extended;
- Work towards equipping the consulates in line with the applicable standards, qualified consulate services, and efficient consulate protection will be continued;

Extension of the scope of mobility for citizens of Georgia, as well as for the introduction of relevant legal mechanisms for the efficient and effective protection of our expatriates in crisis and emergency situations will be made.

1.2.IMPROVEMENT OF DEFENSE CAPABILITIES OF THE COUNTRY

Considering the current hybrid challenges, Georgia needs high military preparedness, with sustainable skills for territorial defense and deterrence tasks, appropriate equipment and ammunition that is fully compatible with North Atlantic Treaty Alliance forces, mobile, adequately armed forces. Presence of the military resources with such abilities and capacity is the key constituent of threat deterrence.

Military forces of Georgia, together with the alliance members and partner countries, with equal military capacity continues to participate in the international missions in the fight against terrorism to ensure global security and thereby carries out civil support of the government efforts within the country during natural disasters and technogenic crises.

The Strategic Development and Transformation Plan for Defense has been drafted to carry out these tasks, which envisages a whole array of measures for the development and advancement of the defense system/military forces until 2020. It is fully compatible with the defense and deterrence policies of the North Atlantic Treaty Alliance and implies the availability of a defense system with such capabilities, within which sustainable and military forces with high readiness troops in close coordination with other agencies will be able to effectively execute the threat deterrence tasks.

Respectively, the Government of Georgia will implement the Total Defense Concept in an efficient and effective manner in the process of development of the national defense system, which implies the development and adoption of agreed plans both for military and civil defense, socio-economic infrastructure, and information-psychologic realms, along with the implementation of inter-agency coordinated steps. Total Defense is the sustainability and readiness of both military forces and public to resist the adversary and make effective response to the threats facing the country by using its wholesome military, economic and intellectual potential.

Georgia's Defense Readiness Program (GDRP) will be continued with the US, a main strategic partner of the country, where troops of the national military forces will be trained and equipped with a principle of territorial defense and small unit tactics. This program has a critical importance to the improvement of high readiness of the military forces and institutional development.

Due attention will be paid to the improvement of engineering capacity. Special purpose troops, air defense, air transportation, armament, surveillance, artillery, management and control, telecommunications, computer systems' cyber security, strategic communication and the National Guard will be further reformed to transform them into effective forces.

Considering the current requirements, work will progress on the institutionalization and compliance of the military education system of officers and sergeants of significant segments with the Alliance standards. Further development of NATO-Georgia Joint Training and Evaluation Center (JTEC) will substantially increase the capacity of defense evaluation and will facilitate the implementation of Partnership Interoperability Initiative of NATO. One of the most significant priorities in the further development phase of overall military army center is to develop a career path of an international maneuvering captain, which will enable us to train the junior officers of partner countries along with the local representatives of the Georgian military forces. In addition, the Combat Training Centre (CTC) will be fully streamlined by taking into consideration NATO standards of initial combat training and further development of doctrine centers.

Considering the Enhanced Forward Presence of NATO and within the declared logistics year in this aspect will be continued for the transformation of the defense logistics to boost the timely and uninterrupted logistic support of tactic groups of brigades.

In addition, implementation of initiatives envisaged in the Substantial NATO-Georgia Package (SNGP) within which both bilateral and multilateral formats and with effective support obtained from the Alliance will lead to the achievement of NATO standard and high degree of compliance. Special importance is granted to the development of cyber security and strategic communication.

Current capacity will be developed for the achievement of the territorial defense task by reviewing the total defense principle. It implies the training of military stand by units to be piloted from 2018.

Information campaigns will be implemented at schools for active engagement of population in the sovereign defense of the country, which implies the increased public awareness on the sovereign defense among the youth. It also implies the visits to the military sub-divisions and various units and subordinated agencies of the Ministry of Defense of Georgia. Introduction of an alternative subject of defense and military forces will be piloted in the curriculum of selected schools. In case of a successful implementation of the project it will be replicated throughout the country.

With the national defense requirements and the total defense principle, it is of critical importance that interagency cooperation and coordination occur at a high qualitative level in defense. Respectively:

It will be continued to reflect the common government approach and improvement of coordination mechanisms both at the conceptual level by endorsing the National Defense Strategy for 2020-2030, as well as by developing and adopting the essential action plans (Readiness Plans) defined at the level of individual agencies.

Defense policy is planned through the national and agency level through conceptual and organizational documents. For the facilitation of the development of defense capabilities and to ensure greater stability, the Ministry of Defense of Georgia will move towards long-term planning. This shift will allow efficiency of limited resources for the defense tasks and effective distribution of financial resources according to the pre-defined priorities. Namely:

- In line with the new edition of the Constitution of Georgia, amendments under the approximation package have been made to the laws and regulations of the defense system. All of these envisages a clear division of functions and authority between the civil office and military forces of the Ministry of Defense of Georgia, along with the definition of common agenda;
- National Defense Strategy for 2020-2030 will be developed and approved in the nearest future, which will define the vision towards the military forces for the next decade;
- Distribution of financial resources allocated for defense purposes will occur in line with priorities cited in the Defense System Procurement Strategy for 2019-2025 and Defense Program Manual. Additionally, to be in line with the defense requirements, budget allocations will be maintained for defense at 2% of the Gross Domestic Product (GDP);
- Special importance for the development of defense capabilities is acquired by the joint international trainings of NATO and partner countries.

Active steps will be made towards the development of military research studies, advancement of military manufacturing and progress in moving towards expertise potential. The following are planned in these directions:

- Manufacturing and production of armed jackets and helmets for the provision of the Ministry of Defense and Interior staff with full uniforms and items of domestic production;
- Armed vehicle Didgori will be further advanced and developed to carry out such military and support functions as telecommunications, medical, firefighting, surveillance, and firing (mobile mine shooters) support;
- Additional work will be performed for the fire management module; target identification, capture and trail stable system will be developed; unmanned aircraft platform, heavy combat vehicle and anti-hale rocket.

In parallel with the operation of GDRP, remuneration of staff engaged in it will be increased gradually.

In addition, military and medical capabilities will be developed, along with the increase in the effectiveness of medical treatment and rehabilitation of armed forces, staff of the Ministry of Defense, their family members, veterans, next to kin of the fallen servicemen, and civilians. Measures will be taken to re-integrate and re-socialize the wounded and injured military personnel.

Gender equality policy will be further pursued along with the implementation of commitments arising from the National Action Plan of Georgia for 2016-2017 in line with the UN Security Council Resolution on Women, Peace and Security.

2. FUNDAMENTAL AND INNOVATIVE REFORMS

Vision of the Government of Georgia on the development of the country is based on new, innovative reforms in every sector and is oriented towards the following:

- Improving the health and structure of the economy, increase of productivity, full utilization of competitive advantage of the country and respectively poverty eradication;

- Support towards those groups of the society that need it most;
- Environmental measures, improvement of the ecology.

Economic Development Vision of the country is based on the principles of free market, which is predominantly driven by the private sector. Along with the high economic growth, Government perceives its qualitative indicators to be equally important. Economic Policy of the Government is aimed to respond to the structural challenges accumulated over the years in the economy of the country. It is also aimed at the development of the private sector, especially small and medium enterprises (SMEs), as a key driving force of economic growth; maximum use of the human resource potential and increase of effectiveness, rapid development of infrastructure and introduction of open governance principles.

Inclusive economic growth is the key priority of the national economic policy, which implies the universal engagement of population in the process of economic development. Government aims to introduce a model, within which equal access to economic opportunities will increase in parallel with economic growth of the country, while unemployment and poverty will decline.

With an aim of achieving the high economic growth of the country, Economic Policy of the Government will be aimed at the attraction of foreign direct investments (FDI), especially in high technologies. Investment environment will be created in the country, which will be attractive to such type of investments.

To ensure the long-term and high economic growth, Economic Policy of the Government will be aimed at a greater inclusion of economic factors in the development of the country.

2.1.MACROECONOMIC STABILITY

Economic Policy of the Government is based on the loyalty to the principles of macroeconomic stability, as a foundation to economic development.

Fiscal discipline, low level of unemployment, maintenance of debt at a sustainable level, price stability, independence of monetary policy, gradual reduction of the current account deficit and maintained stability of the financial sector is a basis for a long-term economic growth of the country.

Fiscal framework will be based on the following principles:

- Uninterrupted process of expenditure optimization will be continued; saved funds will be redistributed among the priority areas, including education and infrastructure project financing;
- Low indicator of budget deficit will be maintained;
- Increase of social allowances will be continued. Essential resources will be mobilized for financing the pension system reform;
- Ratio of public debt to Gross Domestic Product (GDP) will be maintained at a stable level. In addition, borrowings will occur for financing the investment projects to support the long-term economic growth.

Trend will need to be maintained for the improvement of the country's sovereign credit rating. The government of Georgia has an ambitious goal to reach BBB/Baa3 investment credit rating to enable the investments by large investment firms in the country and to ensure the access to cheap financial resources inter alia for the private sector. It will also increase the attractiveness of the country to high quality foreign direct investments (FDI). With an aim of achieving this goal, the government of Georgia will develop a Mid-Term Strategy and Action Plan, which will serve as a basis for economic decisions made by the government.

2.2.EFFECTIVENESS OF PUBLIC FUNDS MANAGEMENT

Essential pre-condition of the effective fiscal policy is to have an effective and transparent public funds management (PFM) system. Success of steps made in the recent years were evidenced by ranking 5th in the Open Budget Index ranking, fiscal transparency assessment of the International Monetary Fund (IMF) and evaluations under the Public Expenditure and Financial Accountability (PEFA) methodology.

Work is ongoing for the introduction of public internal financial control and management, which ensures the institutionalization of an accurate and effective management systems at budgetary organizations, along with the transparency of the budget.

Norms and procedures regulating the fiscal rules will be updated to strengthen the sustainable fiscal policy.

Common system will be introduced for the management of investment projects to ensure a greater effectiveness and efficiency of investment projects and funds allocated for them.

Active work will be pursued for the risk assessment, identification and management. Current analysis of contingent liabilities will be intensified.

Government will develop the public debt management strategy. Process of debt management is aimed at the mobilization of essential funding and minimization of spending in this regard. Development of local securities market is also a priority area of public debt management. Developed public securities market will facilitate the development of a capital market in the country.

2.3.EMPLOYMENT

One of the key directions of the economic policy of the Government of Georgia is to facilitate the employment of population and to increase their competitiveness. High level of unemployment is a significant hindering factor of inclusive growth. Existing imbalance at the labor market and employment structure comprise several problems, which need to be combatted for economic development goals thus being a significant challenge.

Education system reforms will be implemented for the improvement of quantitative and qualitative indicators of employment, leading to the development of human capital. In addition, vocational education will be implemented to increase the competitiveness of the labor force and quality of preparedness for the labor market.

In-depth analysis of the labor market will be implemented within the supply and demand areas for the reduction of unemployment, implementation of an effective economic policy. Close coordination will be ensured among the job seekers and employers to facilitate the increased flexibility of the labor market. Authorities will provide information support to job seekers on career guidance, training and retraining. Authorities will actively facilitate the engagement of potential employers in the process of professional retraining.

2.4.BUSINESS ENVIRONMENT

Georgia ranked 9th in the world in the Doing Business rating and continues to implement active reforms for further improvement of the business environment and facilitation of entrepreneurship. Namely:

- Property rights will be maintained and remain untouched;
- Reform package for the establishment of Commercial Chambers at the general system of judiciary has been drafted and will be presented for public discussion soon. Chambers will specialize in the hearing of commercial and tax disputes. Reform will result in the increased degree of justice and efficiency in commercial and tax dispute resolution;
- Taxation system continues facilitation of local production. Namely, natural milk and dairy production in Georgia will be exempt from value added taxation (VAT) with a right to offset. Production of pharmaceuticals will also be VAT exempt with a right to offset on the supply of goods. This will substantially reduce the advantage of imported pharmaceuticals in contrast with local production;
- Special taxation regimes will be established to make the country attractive for incorporation of regional offices of multinational companies;
- Taxpayers with no transactions will have tax arrears arising before 1st January 2013 written off altogether;
- Work will be continued for the approximation of tax and customs legislation of Georgia with EU Directives;
- New Tax and Customs Codes will be drafted to ensure the establishment of simpler and fairer rules;
- Because of the Corporate Income Tax (CIT) reform, the private sector will retain almost two billion GEL until 2020 to facilitate investments, accelerate economic growth, and create thousands of jobs. Automatic VAT credit refunds have been launched by the government as a reform initiative. Hence, tax credits will be automatically refunded without human involvement to make the business environment healthier. Businesses will get more than 1.5 billion GEL in 2018-2020. As of now, more than 200 million GEL have been refunded to businesses in 2018, which is equal to the annual indicator of the previous year. Tax credits will fully transform into liquid assets by the end of 2020;
- Digital and modern technologies will be widely introduced to make sure that businesses find the best use of modern and effective services, thereby reducing the tax evasion and avoidance risks and ensuring the fair tax administration;
- New, innovative tax administration systems imply the introduction of automated tax administration system. Planned reform will substantially reduce the tax administration burden for taxpayers and tax authority. Development of the Blockchain technology will enable the effective introduction of the referred system;
- Common tax document will be introduced to further simplify the interaction of taxpayers with tax authorities and tax administration at large;
- Reforms will be implemented in the sectors of construction, energy efficiency, transport, soil, tourism and others in accordance with the modern requirements;
- Support of innovative and high-tech investment projects will be continued;
- Current pay-day-loans will be further improved and streamlined to enable the electronic registration of companies and adjustments to the current data without visiting the National Agency of Public Registry (NAPR);
- Non-resident entities will be able to incorporate companies online in Georgia. This process will enable foreign individuals to become electronic residents of Georgia without visiting the country. They will be able to open accounts at commercial banks of Georgia and fully benefit of the present concessional tax regimes in the country;
- Together with the National Bank of Georgia (NBG), the government will facilitate the introduction of an express cash-free settlement system. It is essential for the acceleration of growth in economic effectiveness and efficiency, financial inclusion. It will significantly simply be doing business in the country. At the same time, referred system will enable the economic policy-making bodies to carry out economic growth stimulation measures with greater effectiveness;

- Credit worthiness system reform will be implemented to improve the procedures related to the insolvency proceedings. Reform covers both corporate and individual insolvency. More incentives for the rehabilitation of enterprises and more guarantees for the protection of creditor rights and lawful interests will exist;
- Regulation Impact Assessment (RIA) instrument will be widely introduced in the country to enable us to analyze the impact of each decision on the economy in advance to avoid possible negative consequences;
- New Draft Law on Entrepreneurship will be developed to capture the requirements of the EU Directives envisaged in the Association Agreement (AA) and its Annexes to approximate the Corporate Law of Georgia with EU legislation;
- Dialogue and cooperation between the public and private sectors will be ensured; the platform will actively operate at an institutional level and structural dialogue will be regularly practiced. Dialogue will facilitate an increase of trust between the private sector and government to establish a predictable environment;
- Sectors of the economy with a potential independent operation and development will gradually reduce the role of government within them to facilitate the competitive business environment. Government support to competitive sectors of the country will be intensified both for the increase of local production and extension of export potential.

2.5. INTERNATIONAL RATINGS

Successful and effective implementation of systemic reforms has conditioned a substantial improvement of the country's position in the reputable international ratings. Country has recently achieved a milestone improvement in terms of economic freedom, business growth, corruption-free practices, unbiased judiciary system, transparency of the government, and other significant areas. All of these are positively reflected in the image of Georgia as a reforming country.

The government's intention is to position the country in the Top Ten of every key reputable rating. Authorities are actively pursuing the cycle of reforms and will develop an adequate strategy and action plan to improve the country's position in international ratings, improvement of which will facilitate the increased effectiveness of government policy in many areas and will respectively ensure the increased public welfare and positive reflection of the achieved results in international ratings.

Every government agency will assess the potential impact of changes on the ranking of Georgia in international ratings at the launch of reforms and will make relevant decisions on the grounds of the applicable analysis.

2.6. SME SUPPORT

Economic policy of the government will be intensified towards small and medium enterprise (SME) support to make this segment a real driving force of economic growth and employment.

SMEs play a significant role in the development of the economy and substantially contribute to sustainable and inclusive economic growth. Strong and well-developed SMEs substantially facilitate exports, innovations, and the establishment of a modern entrepreneurial culture.

Hence, special importance will be granted to the SME Development Strategy in Georgia for 2016-2020 and an applicable Action Plan, which envisages response measures to current

challenges in the country for the development of SMEs. Effective implementation of the referred strategy will enable SME development, growth, increased competitiveness and access to finances.

The government agency branded as Produce in Georgia will actively continue the development of local production, facilitation of exports, and attraction of investments.

Support of companies with export potential will continue for the advancement of exports by deploying various tools to achieve this goal.

With an aim of SME support, Georgian Innovations and Technologies Agency (GITA) will continue the allocation of co-financing grants within its Access to Finance Component.

Development of new tools for access to finance is particularly important for SMEs. It needs to be aimed at the correction of current market failures in the economy of the country and namely reduction of restrictions caused by the insufficient security of businesses, which is hampering the viable business lending. Development of credit guarantee mechanisms in this regard is an additional incentive for lending in the economy, for generation of significant value added, facilitation of employment, improved liquidity of SMEs and what is most important – substantial component of inclusive economic growth.

Export insurance mechanisms will be introduced with active engagement of the private sector for the full utilization of the export potential, which will enable the exporting companies to develop their production in new directions and gain exposure to new export markets. Introduction of the referred mechanisms will substantially facilitate the economic diversification and will respectively increase the resilience of the country towards external shocks.

Unprecedented user-friendly concessional taxation regime will be enforced for SMEs from July 1 to further support this segment of the economy. It implies the introduction of minor tax rates for small entrepreneurs. Corporate Income Tax (CIT) has been reduced fivefold for small businesses and 1% is levied instead of the original 5%. Also, consolidated income threshold has been increased from 100 000 GEL to 500 000 GEL for small business, thus being a substantial incentive for small business development in future.

ECONOMIC REFORMS

2.6.1. CAPITAL MARKET REFORM

Presence of a developed capital market in a country implies an effective possibility for attracting long-term financial resources for companies in parallel with bank loans. Capital market creates competitive environment not only for lending, but also for effective distribution of savings. Hence, developed and transparent capital market facilitates a stable economic growth and improved public welfare.

New system has been introduced for the taxation of capital market instruments by considering the best international practice, which implies more focus of taxation system on economic growth and equalization of various financial tools. In line with the amendment to the tax legislation, individuals and non-residents have been fully exempt from Personal Income Tax (PIT) and Corporate Income Tax (CIT) through public offerings in Georgia and supply of debt and shareholding securities for trading, along with the interest income from debt securities.

National Bank of Georgia (NBG) and the government have developed a capital market development strategy with the engagement of international expertise.

2.6.2. PENSION SYSTEM REFORM

Authorities will implement a pension system reform in Georgia aimed at the transition to a private savings pension system. Reform is aimed at the improvement of public welfare in the pension age as well as the maintained fiscal sustainability of the social security system.

In addition, the private savings pension system has a significant stimulating effect on economic growth, which will facilitate the development of a domestic capital market.

2.6.3. PPP SYSTEM DEVELOPMENT AND PUBLIC INVESTMENTS MANAGEMENT

Public-Private Partnerships (PPP) are one of the significant factors for the development of economy and attraction of investments in the country. Government has developed, and Parliament has endorsed a PPP Law for the effective use of the referred system, which will be enforced from July 1, 2018.

In the conditions when the wide-scale infrastructure projects require significant financial resources, this form of partnership will facilitate the attraction of investments to the country in the conditions of effectively managed fiscal risks.

2.6.4. RESPONSIBLE LENDING REFORM

The responsible lending system is important for the establishment of a socially sustainable and effective economic environment in the country. Excessive indebtedness is the most wide-spread source of poverty. It reduces the disposable income of the general population and affected individuals get isolated from active economic life. In frequent cases, it is a consequence of violated consumer rights. Low standard of responsible lending is a significant hampering factor of economic growth. Excessive indebtedness is a substantial problem for macroeconomic stability.

Reform initiated by the government of Georgia should define a high standard of responsible lending in the country. Hence, full operation of responsible lending mechanisms will have a positive impact on macroeconomic stability, credit ratings and structural improvement of the economy.

2.6.5. DEDOLARIZATION, I.E. LARISATION

Further support of de-dollarization, i.e. the larisation process has increased credibility of the national currency and is a significant factor for improving the health of the economy to reduce vulnerabilities towards externalities. Therefore, it is a fundamental direction of the economic policy. Possibilities of stimulating macroeconomic policy get restricted in the conditions of high dollarization, making its flexibility and effectiveness also suffer. In addition, dollarization leads to foreign exchange risks to the segment of public, which is vulnerable to currency fluctuations.

The comprehensive program of larisation initiated by the Government of Georgia is based on the development of natural instruments, improved trust towards the national currency, adequate distribution of risks, and measures incentivizing the attractiveness of the national currency. Successfully implemented measures within the larisation plan will need to be continued. Risks arising from dollarization need to be minimized and irrevocable process of larisation needs to be ensured through the increased attractiveness of the national currency.

2.6.6. ATTRACTION OF FDI ORIENTED AT QUALITY AND TECHNOLOGY TRANSFER

Attractive investment and the business environment will create favorable conditions for the operation of foreign investors in Georgia and the growing trend of foreign direct investments (FDI) are evidence of that. The government needs to support the attraction of quality investments to the real sector, investments to high technology sectors, and the transfer of knowledge and technology to substantially increase the productivity level and facilitate the next export of economic growth acceleration.

Particularly important is the attraction of FDI to equity-intensive sectors and facilitation of relocation of large enterprises to Georgia. Development of high tech and knowledge-based enterprise sectors will lead to demands of knowledge-based services.

2.7. GEORGIA AS A REGIONAL HUB

For the long-term economic development of the country it is essential to transform Georgia into an international investment, telecommunications, transport, logistics, energy, technology, education, tourism, and financial hub. It will enable us to find the best use of our local and regional potential. It will facilitate the development in the national production capacity of the transport and logistics sector of the country, substitution of import and increase of export, attraction of more FDI, introduction of modern technologies and innovations in the country, and full engagement of the country in the international economic processes.

The Arbitration Support Judiciary established within the general court system of Georgia has given a green light to negotiations with Arbitration Court of the International Chamber of Commerce (ICC) in 2017. Memorandum of Cooperation (MOC) will be signed upon the completion of negotiations in early 2019, which will be intended for the transformation of Georgia into the regional center for the resolution of arbitration disputes. Special attention will be paid to the development of International Arbitration Centre of Georgia at the Commercial Chamber of Georgia.

It is important for Georgia to continue with efforts and more support is provided to the development of energy through Georgia, including the direct access to European energy markets. It is essential to work towards the attraction of more international cargo trespassing the transport corridor of Georgia, as well as towards the creation and extension of new transport corridors.

Construction of a deep-sea port of Anaklia has been launched, which will not only have a significant impact on the improvement of the transit potential of Georgia but will also increase the role of the country within the region and will transform it into a logistics hub.

The transport systems will be improved through the supported development of transport infrastructure, multi-modal and inter-modal forwarding and logistic centers compatible with international standards. Work for the development of modern logistic centers in Tbilisi and Kutaisi is in progress. These will facilitate the collation of logistic services within one cluster and full realization of transit and logistic potential of the country. Also, construction of a logistic center in Kutaisi will give an impetus to the development of cargo terminal at the International Airport of Kutaisi.

Considering the favorable geographic location of Georgia, it is important to establish a common transport system and greater use of transit potential. The Government of Georgia has already made significant steps towards this end.

Completion of Baku-Tbilisi-Qars Railway Project will significantly reduce the time required for the transportation of cargo between Asia and Europe, which is a pre-condition for the attraction of additional cargo shipments through our country.

The Government of Georgia will carry out active policy for further development of the transport sector and full utilization of potential of Georgia as a regional hub and namely:

- Integration to the international transport systems will be continued for the increased competitiveness of the transit corridor and intensified regional cooperation. Negotiations are continued with various countries for the creation and development of new transport corridors and routes through Georgia (e.g. Trans-Caspian Transport Corridor, etc.). In addition, Agreement on Transit and Transport Cooperation signed on 15th November 2017 (Agreement on Lapis Lazuli Route) will facilitate the uninterrupted passenger and cargo transportation in the jurisdiction of the signatories, approximation and simplification of essential administrative issues and procedures related to the transit shipments;
- Open Sky policy will be facilitated in the civil aviation to ensure the entry of new air carriers to the Georgian market, development and addition of direct flights to new destinations, along with the maintained upward trend of annual turnover;
- All the public services will be digitalized and collated under a common online platform at every marine port to develop the transit potential of the country. It will facilitate the increased throughput of cargo at sea ports;
- Government will pay special attention to the implementation of inclusive, competitive and effective regional projects within the New Silk Road towards transport and energy sectors.

2.8.FOREIGN TRADE RELATIONS

One of the key principles of the economic policy of the Government of Georgia is to stay open to international trade. We have significant success stories in this realm. With the EU Association Agreement and namely Deep and Comprehensive Free Trade Area (DCFTA), significant opportunities have been created in the economy to increase exports, attract investments and advance the productivity in the country.

The Free Trade Agreement (FTA) between Georgia and European Free Trade Association (EFTA) has been enforced from 1st May 2018. The FTA between Georgia and the People's Republic of China has been enforced from 1st January 2018. Negotiations have been completed on the FTA with Hong Kong, special administrative unit of China. The signing ceremony has been scheduled for 28th June 2018.

Negotiations are ongoing for further liberalization of tariffs on agriculture products and for the addition of trade with services to the FTA between Georgia and Republic of Turkey. Common justification study has been carried out for the FTA with India. Currently, parties are engaged in a dialogue to decide on signing a FTA. Memorandum of Understanding (MOU) was signed on 10th May 2018 on the justification study for FTA with Israel. The FTA with US was studied for justifications in May 2018 and findings have been communicated to the US Secretary of Commerce and US Secretary of State.

Active work is pursued with Gulf Cooperation Council (GCC) countries to initiate preliminary talks on the FTA. In addition, Georgia will continue to carry out trade development policy in the region to develop exports and will support Georgian entrepreneurs in the eradication of artificial

barriers in the trade with trading partner countries. Commercial Attaches will be institutionalized to make sure that trade potential of Georgian output gets developed at target markets and FDI gets attracted through systemic cooperation with relevant agencies in Georgia. Agreements will also be concluded for the protection and facilitation of investments to support the attraction of FDI.

2.9.DEVELOPMENT OF INFRASTRUCTURE

Development of infrastructure is a significant pre-condition for the development of regions within the country. Greater integration of Georgia in international transit projects will help stimulate economic advancement.

Construction of new highways will be continued and accelerated considering the geographic location of Georgia and growing trend of cargo shipments. Transit roads of international and regional magnitude will be constructed throughout the country.

This project will strengthen the significance of Georgia in the region and will increase its position as a transit hub. Construction of the main part of the East-West Highway (EWH) will be completed. As a result, a network of motorways in Georgia will become attractive for transit shipments. Development of tourism will be facilitated along with the revival of agriculture in borderline and high terrain regions, and connectivity of regions within the country.

Supply of quality drinking water to population around the clock (24 hours) is one of the priorities of the government of Georgia. This goal will be pursued gradually in the coming several years. By 2020, uninterrupted drinking water supply will reach 400,000 more people.

Construction and rehabilitation of irrigation and sewage systems, along with the treatment facilities, will be actively pursued in several cities, towns, and villages, including the borderline settlements.

Waste management will occur in line with European standards. Collection of municipal waste will be improved throughout the country.

„Within the framework of the Broadband for All initiative, additional high-speed optical infrastructure will be deployed in rural Georgia, as a result of which more than 85% of the population of the country will have an access to the backbone/backhaul optical fiber internet infrastructure”.

2.10. POLICY ON SECTORAL ECONOMY

2.10.1. ENERGY

The most significant direction in energy policy of the government of Georgia is to improve the degree of energy security and independence of Georgia, gradual reduction of dependence on imported energy recourses through the utilization of local energy resources and diversification of supply sources and routes.

With an aim of effective performance of the energy policy:

- More transparent and attractive investment environment will be created for the facilitation of investments in the energy sector;
- Work will be pursued for the rational use of local energy resources towards the reduced dependence on imports;

- Infrastructure will be developed for the creation of safe and stable transmission and distribution systems of natural gas and power energy. Construction of a 210-280 MLN M² gas storage has been launched with an aim of improved gas supply;
- Additional resources will be allocated for the gas supply to reach all the regions in the country, because of which 1.3 million people will gain access by late 2020;
- Intensive work will be carried out to strengthen the transit role of Georgia and for transforming the country into an energy transit and trade hub in the shortest period. Work will be continued to increase the power export opportunities from Georgia;
- Energy legislation of Georgia will be improved and approximated to European standards; By signing the Association Agreement and accession to Energy Community, Georgia is creating a precedent of energy legislation transfer from the Energy Community/EU to the Caucasus region;
- Authorities are facilitating the scientific-technical progress and introduction of innovations;
- Energy efficiency measures will be implemented in various areas. Primary legislation is being drafted and National Energy Efficiency Action Plan will be developed.

2.10.2. CONSTRUCTION

Active work is being pursued for the improvement of construction regulation. The Parliament of Georgia has held two hearings on the Spatial Planning, Architecture and Construction Code of Georgia. A draft law on the energy efficiency of buildings will be submitted to the Parliament of Georgia in the nearest future. Endorsement of the legislative initiative will facilitate the rational use of energy resources and increased energy efficiency of buildings.

Work is ongoing for by-laws and regulations, which will increase construction permits and the commissioning of completed constructions, organization of construction works and security, certification of architects, engineers and constructors, along with other significant issues. Technical regulations are also being developed for the definition of key requirements towards the quality of construction materials and market placement. All the aforesaid will facilitate the establishment of a stable investment climate in the construction sector of the country and will enable the affected entities to act under the clearly defined and predictable rules.

2.10.3 Environment Protection and Agriculture

Environment protection, maintenance of sustainability, and the rational use of natural resources, along with the sustainable development of agriculture, is a major challenge and a priority for the Government of Georgia. This issue becomes especially relevant considering the progress of climate change. The promotion of climate-smart agriculture addresses three interconnected challenges at once, namely ensuring food safety, adaptation to climate change, and encouraging climate change mitigation. The government will continue its active environment protection and agricultural development policy to ensure a sustainable and healthy environment, **improve the ecological environment**, enhance the compatibility of agricultural products with sustainable development, ensure the stable growth of food production, and secure food safety and rural development.

To put in place the rational use of natural resources, ensure environmental safety and sustainability, and prevent risks related to natural disasters, it is necessary to create effective environmental management, which is only possible through complex approaches. Our goal is to make all decisions, including important economic decisions, not only in terms of economic advisability but, first, in terms of environmental effectiveness. To this end, the Government of

Georgia will continue to actively work on the development of a **green economy**, because promoting green growth will encourage lower expenses from businesses and the development of new business directions. In the process of introducing a green economy, the Government of Georgia will use concrete initiatives to encourage green investments, aid the production of environmentally friendly food products, green production, the development of clean transport, sustainable ecotourism, ecosystem services, the enhancement of the scope of renewable energy, the implementation of energy efficient measures, the introduction of climate smart and ecofriendly technologies, separate waste collection, promote waste-free production, and supporting the establishment of innovative green startups. While working toward these goals, Georgia will enjoy support from international organizations.

Environmental protection management must be carried out with the engagement of nearly all governmental institutions, the non-governmental and business sectors, scientific communities, and society given the complex and multisector nature of the area of environmental protection, we plan to introduce the institution of **Eco-Ombudsman**. This institution will serve as a platform for discussions on important environmental issues between different sectors and gain a high level of trust among NGOs, the business sector, and the public alike, stepping in as a force guaranteeing active cooperation on environment-related issues between the government, society, and all stakeholders.

A new system for excise tax on imported vehicles was introduced in 2017. Rates were introduced to replenish the existing vehicle fleet and in line with environment protection policy, which involved the enforcement of heavier taxation on environmentally harmful vehicles. As a result, the vehicle fleet was replenished compared to previous years, and the import of hybrid and electric cars grew substantially. The government, using different taxation tools, will continue encouraging hybrid and electric cars in the country.

To improve the living conditions in the rural areas and to ensure active economic growth, the following are being implemented **under the unified policy for agricultural development**:

- **Supporting agricultural cooperation**
- Creation of the farmers' registry and a geo-information land use system to ensure the rational use of agricultural **land resources**
- Studying **degraded soil** and activities seeking to improve their fertility
- A legislative framework for managing and building windbreak zones will be developed, and the construction of windbreak zones will start.

To integrate the full cycle's components creating added value, the state will support the development of the sectors of **crop** storage, sorting, packaging, processing, and distributing. The Agro Insurance project will continue, enhancing access to agricultural machinery will be promoted, and the size of meliorated (provided with water and drainage) will grow. **Irrigation** and **drainage** systems will be developed and improved.

The introduction of modern irrigation systems and the establishment of unions of water users will be supported. The formation and further upgrading of an effective and flexible state control system for **food/forage safety, veterinary, and plant protection** will continue. The areas of food safety, veterinary, and phytosanitary will be further aligned with **the relevant EU legislation** defined under the DCFTA Plan. Among others, it will ensure the adoption of European standards in the internal market and the growth of the export potential of agricultural

products, which will play an important role in the development of economy and the positioning of the country's image as a reliable trade partner.

An **environmental impact evaluation system** with transparent procedures will be introduced. At the initial stage of the development of the project concept, the feasibility of the planned activities will be evaluated, this way protecting investors from imprudent financial expenses. The population's engagement in the decision-making process will become more effective.

For environmental damage prevention and compensation purposes, **an effective for environmental responsibility** will be put in place.

New regulatory norms will be adopted to **protect and preserve biodiversity** and to ensure the sustainable use of biological resources. The state will ensure the expansion of **protected areas** and the promotion of ecotourism. To introduce and foster **sustainable forest management practices**, effective mechanisms for forest maintenance, protection, and restoration will be introduced, which will contribute to keeping and improving quantitative and qualitative forestry indicators. Forest control mechanisms will be upgraded. In line with environmental policy, tax breaks will be introduced on lumber import, namely lumber import will be exempt from VAT.

To mitigate threats arising from climate change-related natural disasters, the **hydro-meteorological monitoring network** will be expanded, modeling capabilities will be strengthened, and a national early warning system will be put in place.

The **atmospheric air, water, and soil quality monitoring and evaluation system** will be upgraded, and so will be **the atmospheric air pollution and water use metering systems**. European vehicle emission norms will be introduced, the qualitative norms for liquid fuel will be improved, and modern European emission norms will be established for large manufacturing facilities.

Switchover to the **integrated management system for water resources** will continue based on the European principles of sustainable water resource management and pool management.

The level of **nuclear and radiation safety** will improve, a new system for radioactive waste management will be created to protect the population and environment from possible threats of radiation.

2.10.4 Tourism

The development of tourism is one of the priorities of the Government of Georgia. Visitor flows, and tourism-related revenues continue to grow on an annual basis. Tourism is an important driver behind the country's economic growth, and the Government of Georgia will implement the following to ensure the further development of this priority area:

- Small tourism infrastructure and road infrastructure will be put in order and developed, this way improving access to tourist attractions
- Marketing activities in target and prospective markets (including high-spending European markets) will intensify to attract more foreign visitors and, accordingly, greater revenues in the country
- Domestic marketing activities will intensify in the local market to promote the development of domestic tourism
- Protected areas will expand, and ecotourism will be promoted

- To develop business tourism, more high-spending tourists will be attracted into the country through the convention bureau, and investments in this direction will be encouraged and supported. The creation of a multifunctional congress and exhibition center meeting modern international standards will be supported
- Special emphasis will be placed on the improvement of service quality: Service personnel will be retrained to draw closer to international service standards, and the development of higher education and professional programs and institutions specializing in tourism will be fostered; to enhance service quality, different activities will be implemented (stricter fire safety, upgraded passenger transport, and others)
- Turning Georgia into a year-round tourist destination will be one of the strategic directions within tourism policy, which will secure greater tourism-related revenues and their stable distribution throughout the year
- The further development of winter destinations will build on a reasonable development and construction plan, including opportunities to operate winter destinations in summer
- The deepening of cooperation between the state and the private sector will be encouraged to create and promote tourism products.

2.11 Regional Economic Policy

Regional development is one of the priorities of the Georgian government's economic policy, including the elimination of inequality, the introduction of effective and innovative systems of quality services on the spot, the enhancement of the role of the region in the country's economic growth.

The Georgian government's strategic vision of regional development is based on the approaches defined in the EU policy on the equalization of the economic and social development in the regions. This involves integrated cross-sector and territory-friendly planning and the implementation of a relevant policy.

To further strengthen the self-government system and to enhance its independence, a new decentralization document for the 2018-2025 strategy will be developed. The key goal of this reform is to enhance the authority of self-government based on subsidiarity principles, to introduce effective and innovative systems for quality service provision at the local level, to enhance the role of self-government in economic development, and to provide self-governments with relevant material and financial resources.

The process of regional development planning will employ new approaches that will ensure the development of **complex cross-sector ties** and the development of an economic model maximally fitting local conditions.

2.12 Natural Resource Management

Upgrading the system of natural resource management will enable the country to enjoy significant economic benefits. The government's goal is to ensure the maximally effective use of all resources and, at the same time, to ensure resource management based on environmental protection principles.

In terms of forging a full legislative framework for use of resources, several far-reaching reforms should be singled out:

- The development of the policy for the ore industry—it is planned to develop a policy and a strategy in line with international standards, based on which, at the next stage of reform, in 2019, a relevant

legislative framework will be developed, while the final stage will see the development of recommendations for strengthening human resources in this sector

- Enhance access to information/open digital accounts on valuable ores
- Introduction of modern methodology for ore processing
- Supply commission reform
- Introduction of modern standards for calculating supplies of valuable ores
- Stimulating the study of valuable ores

3. Small Government

Our vision of the country's governance is based on the concept of a small and yet effective, efficient, and flexible government.

To carry out the concept of a small but flexible government, the merging/streamlining of governmental agencies and the distribution of functions between them will continue to ensure the rapid and effective implementation of planned reforms. The government is developing concrete proposals for the further optimization of agencies.

Along with the process of decentralization, especially important is the structural streamlining at the municipal level with the government ensuring delivery of relevant proposals.

Along with the optimization of agencies, bureaucracy-related expenses will be minimized. Governance expenses in real fiscal indicators will keep dropping, including the ratio of costs related to labor remuneration against GDP contained within 3.9%. New approaches will be adopted for the internal administration of public institutions. The vehicle fleet will be limited significantly at the expense of a considerable decrease in the number of personal cars.

The authorities will implement effective and fair policy to ensure the further strengthening of public governance and the policy system and the formation of challenge-oriented, flexible, and effective public governance. Opportunities of continuous professional development will be put in place.

Local self-government will be empowered. Along with the establishment of small, flexible, and effective municipal governance, the authority and responsibility of municipalities will grow through fiscal decentralization. To ensure financial resources relevant to the growing authority and responsibility of municipalities, the share of the revenues of local budgets in the overall budget revenues will increase incrementally.

Mechanisms will be developed for ensuring citizen engagement in the implementation of local self-governance, including those ensuring the engagement of ethnic minorities.

The development of electronic governance is extremely important for the country's development. The government's goal, on one hand, is to digitalize internal processes in public agencies to ensure greater effectiveness, and on the other hand, to offer citizens and businesses simplified, user-friendly, and quality electronic public services. To achieve greater effectiveness in the development of e-governance and digital economy, the government will develop an updated electronic governance policy centralized and coordinated between public agencies throughout the country. To this end, based on modern trends and international experience, it is planned to develop a unified, centralized coordination mechanism.

The government will continue working on a unified policy for the development and provision of public services which, along with physical services, will ensure upgraded online services, new additional digitalized public services, and streamlined fees. Similarly, work will continue the introduction of an additional tool of a qualified electronic signature, which will significantly shorten the amount of time to receive services and will enable citizens to enjoy public services remotely and safely.

High standards of transparency will be introduced in state institutions, and effective public control mechanisms will be put in place.

To combat corruption, such **European approaches** will be adopted as the implementation of mechanisms for the prevention of corruption and raising public awareness about corruption-related offenses. The effective coordination of steps toward combatting corruption and civil society's engagement will be ensured.

In July 2018, the Government will approve the 4th National Open Governance Action Plan of Georgia, the implementation of which will further cement its reputation as one of the regional and global leaders in electronic and open governance.

4. Education and Youth

4.1 Education, Science and Youth

The Government of Georgia will implement a new, complex, and multifaceted phase in its education reform, one of its top priorities. It is planned to put in place a system of education that—in line with the sustainable development goals—along with equipping children, adolescents, and youth with adequate theoretical knowledge and practical skills, will also provide an in-depth understanding of national and universal values, raising civic awareness, enhancing competitiveness, and strengthening ties between education and science. The development of human capital is viewed as the primary precondition of the country's long-term economic and social progress. Given the complexity and significance of said reform, its success and requires greater education-oriented resources. According to the proposed vision, the government plans an incremental increase in the financial resources spent on this direction, along with cooperation with the private sector in terms of financing education within double GDP digits.

Recipients of education (children, adolescents, youth, and anyone wishing to receive education) will be the focus and, depending on the level of their education, the center of the educational process within the system of education, the principle of lifelong learning will be observed, and educational institutions will offer a safe, violence-free, and friendly learning environment. The development of educational infrastructure will be ensured at every level. Along with state-funded programs, the full rehabilitation of educational institutions and equipping with natural sciences laboratories continues under the Millennium Challenge Compact. Under a program financed by the EU and the Council of Europe Development Bank, rehabilitation work seeking to enhance energy efficiency will be launched in different schools.

The educational reform will apply to every level in the system of education, including early and preschool education, general education, professional and higher education, and science.

A quality management model and a national qualifications system will be developed in line with European approaches to support the formation of a system of continuous education and the mobility of educational system employees. The system of education will focus on quality,

accessibility, and inclusiveness, and effective steps will be taken to enable Georgia to take a leading position in the region as a regional educational hub.

4.1.1 Early and Preschool Education

To ensure equally high quality in both early and preschool education, **unified state standards of quality** will be introduced in the institutions of early and preschool education, including educational, infrastructure, food, and hygiene standards. The most important part of the reform of institutions of preschool education focuses on the introduction of the educational component. Institutions of preschool education will not only ensure a safe tutoring environment designed to protect the best interests of children but will also create a solid foundation within the educational component, especially under the preschool readiness program, for children's entry into the system of education.

A model and mechanisms for preschool education quality evaluation, development, and management will be created. A system for training and retraining human resources will be launched based on a new professional standard for tutors and pedagogues, and support will be provided to attract young qualified professionals into the profession.

4.1.2 General Education

High quality and universally accessible general education is the cornerstone of a successful system of education, which is why forming of knowledge, skills, national and universal values based on modern requirements of equality and inclusiveness will be put in place, and a system of education focusing on the success of students will be developed. To achieve high quality standards, new standards and mechanisms for school and education quality evaluation, and work will continue the development of an effective financing model. The system of general education will focus on preparing schoolchildren for future life and building a democratic society. To this end, methodologies and strategies will be introduced in the learning process, which ensure the development of creative, technological, and working skills to promote a healthy lifestyle in both formal and informal education. The state will ensure equal opportunities for each person's free development, full utilization of talent and personal abilities, and proper conditions for development, despite a given person's ethnic background, creed, and residence. At the same time, to provide ethnic minorities, as full citizens of Georgia, with equal opportunities, and with a view to ensuring a high level of teaching the official language and encouraging integration, targeted programs will be implemented.

To enhance the level of education, the creation and introduction of **curricula**, programs, relevant high-quality textbooks, and various educational resources will continue in line with modern requirements and relevant high standards. The structure of the intermediary level will be changed, and learning models based on differential approaches will be ushered in. To develop the system, the best international practices, including elements of Finnish education, will be integrated into the national model.

The Government will ensure **the enhancement of the prestige of pedagogues' profession and their decent wages**. An integrated bachelor's and master's degree program will be introduced to improve **the training system for teachers**. To attract new qualified human resources to schools, the 60-credit teachers' training educational program for postgraduates will continue, and the state will ensure support for teachers' continuous professional development. The development of teachers' practical skills and professional knowledge will be ensured. To achieve the country's

economic development, and in line with teachers' professional achievements, a remuneration policy will be planned.

To improve the process of teaching/learning and school management, the implementation of large-scale programs for the professional development of school principals as educational leaders will continue. The creation of a safe, positive, and multicultural environment in schools will be fostered. Services and programs, designed to prevent and effectively manage bullying and violence, will be developed. To ensure the physical and psycho-emotional protection of schoolchildren, special attention will be paid to the improvement of the quality of *mandaturi* and psychological services. Similarly, special attention will be paid to the enhancement of the level and scope of inclusive education and the professional development of special educators.

In the process of teaching and learning, **the role of modern technology and distance education** will grow. The information technology capabilities of school will grow significantly, and diverse electronic resources and supplementary learning materials will be created. **To support the development of innovative technologies in schools**, it is planned to introduce internationally recognized systems, and a game-based educational program will be used, to encourage spatial, logical, and creative skills in schoolchildren. **To provide schoolchildren with quality textbooks**, textbook certification will upgrade the contents of textbooks and align their technical parameters to the age-related development and abilities of schoolchildren. The development of the schools in high-mountainous areas and small studentship schools into cultural and educational village hubs will be supported to enable them to combine under one roof the functions of different levels of educational institutions, libraries, and athletic and creative extracurricular classes.

4.1.3 Vocational Education

The **introduction of dual education, that is, work-based learning**, will continue in the system of vocational education, through public-private partnerships. This way, employers will fully engage in the development and implementation of professional programs and in the selection and evaluation of students. Along with developing skills necessary for employment, and to stimulate job-creation and empower the private sector, priority will be given to **entrepreneurship education**. This will encourage the training of specialists who, using their knowledge and mechanisms supporting entrepreneurship, will become employers themselves. By adopting innovative teaching approaches by industry, vocational education students' access to new technology will improve. By developing innovative laboratories and so-called excellence centers, cooperation between private companies and educational institutions will become possible in the regions, including with a view to introducing vocations of the future.

To ensure inclusiveness in vocational education, greater attention will be also paid to the development of new services to **meet the educational needs of adults**, and diverse vocational training/retraining programs will be launched.

Based on a new legislative initiative, the process of integrating general education into vocational education will start. In addition, the level of higher vocational education will be established to foster the development of ties between the vocational and higher education levels. Recognition mechanisms for academic acceleration and informal education will be introduced. Within the public-private partnership format, the network of vocational education providers will be diversified. The material and technical framework will be upgraded, and the scope of geographic

coverage will be enhanced to meet the growing demand from those wishing to receive vocational education.

By raising public awareness and communicating the actual prospects of vocational education, and with support from social partners and international organizations, the system of vocational education will be popularized, and the number of those opting for vocational education after covering the basic level of education will grow.

4.1.4 Higher Education

Through introducing effective higher education quality management models meeting international standards, work will continue reforming the system of higher education. Relevant assessments will be development-oriented, and the institutional empowerment of schools of higher education will be supported. Authorization and accreditation standards will be adopted in line with the European Standards and Guidelines (ESG) of the Council of Europe, which will result in development-oriented institutions and drastically improved quality programs. Especially important for the reform at this level of education is to ensure a type of model that effectively links programs offered within higher education to market demands and properly analyze and define relevant medium- and long-term needs. **The new model for financing** education, which will be developed under said reform, will focus on the empowerment of directions and vocations that, given the country's developmental needs, will be closely linked to social life and economic empowerment, and that will be defined based on systemic and regulatory analysis.

Through sharing the best international practices, international partnership programs will be supported, including the accusation of international accreditations and the development of recognition mechanisms. Priority will be given to the integration of learning and scientific research, the growth of the **role and importance of modern technology** in higher education, including the empowerment of the distance education component. All this will help position Georgia as the region's educational hub to attract foreign students to Georgia's schools of higher education.

4.1.5 Science

Priority scientific directions will be identified and strengthened based on the strategic demands of the development of the country's economy and public needs. Similarly, necessary measures will be identified to help establish Georgia as a strong regional scientific hub.

It is especially important for the success of the reform in this direction to **attract youth and support their engagement in scientific research**, including through supporting postdoctoral programs and international scientific exchange programs. An equally important objective in this direction involves reintegrating into the system of higher education leading Georgian scientists successfully working in foreign scientific research centers and universities.

Through cooperation with foreign scientific centers and universities, the implementation of joint projects, and the implementation of joint research programs by foreign and Georgian scientists, the attraction of youth to science will be supported. Cooperation will be strengthened with different scientific foundations abroad, the state will support Georgia's membership in European Cooperation in Science and Technology (COST) and Academia Europea to attract additional financing and implement joint projects. The state will support cooperation under the European Commission's **Horizon-2020 and its subsequent framework program Horizon**

Europe, which offer new prospects of international cooperation and financing to Georgian scientists, businesspersons, and other stakeholders.

4.1.6 Youth Policy and Innovations

The government seeks to ensure youth engagement in social, cultural, and political life to develop ways for youth to find themselves in different economic areas, boosting their professional development and competitiveness. To improve opportunities for self-realization and employment, special attention will be paid to the internationalization of youth activities, the establishment of partnerships between Georgian and foreign youth, and the implementation of joint international projects. To raise awareness among youth and improve access to resources, information and support will be provided.

The state will continue **supporting youth activities** in terms of their involvement in decision-making and civic activities. Programs and projects for supporting informal education, professional orientation, employment, and mobility will be strengthened. Motivating the introduction of innovative approaches and the latest technologies by startup entrepreneurs in economic development, and the establishment of a friendly environment for healthy ambitions, make up the precondition for the foundation of inclusive economic growth. In this direction, the state seeks to develop knowledge and an innovation-based economy to create an ecosystem of innovations.

In terms of innovation and technology, state-supported programs seek to increase access to finances and technology:

- The access to finances component supported by the World Bank involves co-financing grants for young startups
- With the engagement of the private sector, the business incubator/accelerator program continues to ensure support from the state and the private sector in the process from idea to market, through different trainings, mentorship, and investments
- The government plans to attract international companies from Silicon Valley, Switzerland, and the UAE to Georgia, so that Georgia may become the region's hub with its ecosystem of innovations, and attract startups and investors from nearby countries
- Legislative work will continue to develop alternative private sources of financing for startups
- Under Georgian universities, pre-accelerators will be created to ensure idea generation among students, with subsequent processing and turning into startup products
- Micro-, small-, and medium-size entrepreneurs' will receive improved access to the internet and international e-commerce platforms will be facilitated
- The development of technology parks in the region will continue to facilitate maximal youth engagement in the ecosystem of innovations
- Special attention will be paid to the development of scientific innovations and the technological readiness analysis of Georgia-based universities and scientific research institutions to this end

Besides supporting young entrepreneurs, state programs will also support different types of youth activities, such as civic, cultural, and athletic activities. Access will grow to youth and student camps, and the intellectual component under this project will be enhanced. Special attention will be paid to exact and natural sciences, also arts and sports. Financing will continue for hobby/education and recreation-oriented projects. To promote science, the work of winter and summer scientific schools and learning rounds at international scientific centers will become more active.

In collaboration with local self-government, cooperation will be enhanced to define youth policy and create relevant youth resources. The development of the Youth Action Plan and the introduction of mechanisms and models for **youth involvement at the local level** will continue.

The scope of youth projects will grow and, with **active involvement from the non-governmental sector**, civic engagement and social entrepreneurship will be supported.

Support for informal education programs focused on the inclusion of **young representatives of vulnerable groups** will continue.

Cooperation with the EU on the development of youth mobility, capacity-development, and policy reform will deepen under the EU Erasmus+ program, and cooperation with the EU under the EU4Youth program will focus on the development of the institution of youth workers, the promotion of volunteering, and the facilitation of skills necessary for employment among youth.

4.2 Culture and Sport

The promotion of the direction of sport and culture ensures the country's social and economic development, facilitates the country's popularization, and enhances the content of image-building projects both at home and abroad. Along with new structural and functional changes, harmonization and coordination between cultural and athletic calendars is also important to enable the country to achieve consistent and effective positioning in the international arena, and to facilitate the development of cultural diplomacy, and cultural and sports tourism.

4.2.1 Culture

State-run cultural programs are, for the most part, based on the 2025 Cultural Strategy that defines the state's vision, goals, and objectives in the sector of culture.

Work is underway on an **effective model for cultural management**, including expected growing participation from experts and professionals in the process of decision-making and development of strategies for different cultural areas. Work will continue to diversify financing for culture.

The **legislation** related to culture and the protection of cultural heritage will be upgraded, a code of cultural and natural heritage will be developed, new nominations will be created for inclusion on the representation lists of intangible heritage of humankind, and the preliminary lists of global heritage will be updated. The study of Georgian cultural heritage abroad and conservation/rehabilitation work on monuments will continue. **Work will continue to develop effective mechanisms for cultural heritage management and financing.**

Broad public **access to culture** will increase, and the preservation of the cultural uniqueness of ethnic minorities and the development of creative skills among persons with disabilities will be fostered. The entrepreneurial and touristic utilization of cultural potential will be facilitated, **including the utilization of tourist routes, traditional crafts, and other types of potential related to material cultural heritage, along with the sustainable use of creative resources for social and economic development.**

The state will facilitate the creation of **spaces and electronic platforms necessary for the development of creative industries.**

Through cultural diplomacy, **the internationalization of Georgian culture and the country's promotion at the international level** will also be supported. Deeper international cultural relations, the international mobility of artists, cultural dialogue, and the implementation of joint projects at the institutional, organizational, and individual levels will be supported.

A state artistic policy and a plan for strategic development will be prepared, work will be launched to **upgrade the legislative and normative framework for artistic education**, and to ensure broad access to artistic education, enhance the quality and competitiveness of education, **and a new model will be created for financing artistic education**. The infrastructural modernization and technical re-equipment of schools of artistic and creative education will continue.

4.2.2 Sport

The state will implement an effective policy to increase the number of those engaged in professional and mass sports. Special attention will be paid to the engagement of children and adolescents in different sports. **Access to athletic education and coaches' professional retraining will be ensured, and support will continue for coaches working in mountainous settlements.**

Sports grounds, arenas, and sports palaces meeting relevant international standards, as well as mass sports areas (outdoor workout equipment, mini sports grounds, jogging and bike trails) will be built. An effective **management model for sports infrastructure** will be put in place, based on effective cooperation between the public and private sectors.

Access to athletic education will be enhanced, and a solid foundation for training professional human resources in this industry will be put in place.

In coordination with sports organizations and different agencies, a strategy for the **development of sports tourism** will be developed, which, along with the country promotion, will precondition investments attracted into the country. To this end, work will continue to host international sports events, and **standards for organizing international sports events will be developed.**

An effective system for resolving sports-related disputes will be developed, and **a model for protecting the rights of athletes and their engagement in decision-making will be adopted.**

The processes of joining, ratifying and adopting international sports conventions will continue.

5. Human Beings and Caring for Them

5.1 Protection of Human Rights, Democratic Governance, and the Rule of Law

Because of the reforms implemented in recent years, institutional mechanisms for protecting human rights have been created and upgraded. Integrating approaches based on human rights into the process of state policy-making and legislative work has become the government's priority direction.

To ensure the update of criminal law policy, the criminal law reform will continue with the engagement of the civil sector, in line with international standards, and through sharing the best practices. Because of long consultations in an interagency format, in May 2018, a package of far-reaching amendments to the Criminal Code was approved to be referred to the Parliament in the

nearest future with the goal of liberalizing the criminal law policy and ensuring the alignment of criminal legislation with international human rights standards.

The implementation of criminal law policy focusing on crime prevention, the establishment of a fair and independent judiciary, the protection of victims' rights, and the rehabilitation of offenders remains a priority of criminal law reform.

Further to improve the penitentiary system:

- Relevant legislative amendments will be developed based on which will be possible to facilitate the remote participation of defenders/convicts in court proceedings (using technical means)
- Relevant legislative amendments will be developed, based on which early releases will be possible proportionate to work days completed in the penitentiary
- To ensure the employment and resocialization/rehabilitation of convicts, the state will support private business in creating jobs in penitentiaries
- To improve the effectiveness of penitentiary management, the transformation of large penitentiary facilities into smaller ones will continue, with smaller (50 inmates at most) facilities to be built
- Legislative amendments will be developed to enhance the effectiveness of medical services for defenders/convicts with mental health issues
- The rights of defendants will be enhanced
- Inmates' psychosocial rehabilitation will be strengthened, including rehabilitation programs for different types of addicts

The government will continue to ensure the unwavering protection of property rights, and reliable and safe property registration procedures, including through adopting new technologies.

The legislation regulating the **inviolability of private life** and the relevant system of supervision will be upgraded further to meet international standards. The development of internal and external control mechanisms, which respect the inviolability of private life during operative investigative work, will continue in line with even higher standards. These changes will be implemented to strike a reasonable balance between the inviolability of private life and the security and safety interests of the country and people.

Effective measures will be taken to exercise the right to **equality** and to prevent and eliminate any discrimination of human beings.

The protection of the **freedom of religion** will be ensured for all religious unions and individuals. The government will support the further development of the culture of tolerance in society.

To ensure the protection and realization of the rights of **ethnic minorities**, the implementation of the 2015-2020 State Strategy on Civil Equality and Integration will continue. All Georgian citizens, regardless of their ethnic background, will be able to fully engage in every area of social life, the country's economic development, and political or civic processes. Special priority will be given to learning and understanding the official language. Accordingly, the effectiveness of programs for teaching the official language will increase.

Access to public services will improve for ethnic minorities in the regions of their compact settlement. In line with the strategic document on education, effective steps will be taken to improve access to quality education at every level. Access to the media, information, and the engagement of ethnic minorities in the unified information space will be improved.

Effective measures will be taken in every area of social life, especially in political and economic activities and at the decision-making level to protect **gender equality**. A swift and effective response will be provided concerning every instance of gender inequality and gender-based violence.

The legislative reform designed to prevent and combat **violence against women and domestic violence** will continue. Based on the Istanbul Framework Convention, legal defense of victims of violence against women and domestic violence will improve, and access will be enhanced to psychosocial rehabilitation programs and shelters/crisis centers. Steps for raising awareness about violence against women and domestic violence and enhancing the qualifications of relevant individuals will continue.

The rights of **persons with limited abilities** will be protected based on the principle of reasonable adjustment and their needs. To ensure the full participation of persons with limited abilities in social and political life, the state will support the employment of persons with limited abilities and the adaptation of infrastructure to the needs of persons with limited abilities. The government will ensure equal access to movement and travel by public transport through developing and introducing relevant standards. With the participation of our society's members with limited abilities, the new Draft Law on the Rights of Persons with Limited Abilities has already been developed, one anticipated by them for years, and one allowing for the full implementation of the UN Convention on the Rights of Persons with Disabilities in Georgian Legislation. This will put in place a mechanism ensuring the realization of the rights of persons with disabilities in the directions of healthcare, education, civil integration, employment, social, political, and economic affairs, including the full social integration of persons with disabilities, and their access to all types of services.

The government will plan relevant activities to ensure the full implementation of the Law of Georgia on Social Work approved by the Parliament of Georgia, including the allocation of additional resources to enhance the qualification of social worker, along with the growth of their numbers, and to ensure relevant remuneration.

Active **fight against trafficking** will continue.

5.2 Institutional Mechanisms for Protecting Human Rights

In the next three years, institutional mechanisms for protecting human rights will grow even stronger in Georgia.

A strong, qualified, and independent judiciary is the cornerstone of the country's development. The government's actions will seek to enhance trust in the judiciary. Our priority is to raise the trust of each citizen and the private sector in the Georgian judiciary.

At stage four of the judiciary reform, special attention will be paid to decreasing unresolved cases accumulated in courts, on reconsidering grounds for disciplinary liability, and improving the working procedures of the High Council of Justice.

In addition, the Draft Law on Mediation, one developed based on multilateral consultations, will be referred to the Parliament for consideration. Through this legislative and other institutional mechanisms, mediation, as an alternative way of dispute resolution, will be fostered, introduced,

and developed. Objective third parties, versed in the process of mediation, will assist citizens and business representatives in resolving civil disputes in a fast and effective manner, without prolonged and expensive court processes.

The independence of **the Constitutional Court** will be ensured.

The Chief Prosecutor's Office will continue working as a system focusing on public interests and needs, ensuring the maximal protection of the rights of defendants and other parties to court proceedings. New approaches will have developed in combatting crime, and the existing investigative and prosecutorial practices will be further upgraded to align with European standards. Citizen involvement in crime prevention will grow. To ensure the independence of ordinary prosecutors, the system of appointment of prosecutors, disciplinary liability, dismissal, and incentives (including promotion) will be upgraded. Criteria for the transparent and unbiased evaluation of prosecutors' performance will be developed. Programs for prosecutors' retraining and qualification enhancement will continue.

The process of restoring justice will continue. As of June 2018, 45 million GEL worth of movable and immovable properties that were unlawfully appropriated in the period prior to October 2012 were returned by the state to their lawful owners. Within the limits of the Constitution and in line with international obligations, the government will continue using legal mechanisms to restore to everyone rights violated under the previous authorities. To this end, the investigative processes under the leadership of the Office of the Chief Prosecutor of Georgia will continue, because of which more than one convictions ruled before 2012 was reconsidered and reversed to acquittal.

To facilitate the effective and independent investigation into alleged torture and abuse committed by representatives of law enforcement, the new law on the Service of the State Inspector will be implemented through which a unified independent institution will be created to be responsible for objective and effective probing into crimes against human rights and freedoms committed by representatives or officers of the law enforcements or equally authorized persons.

The further development of the **Interior Ministry** seeking to put in place a more effective and refined system of public safety and order will be based on the concept of systemic renewal, which covers structural transformation, substance changes in police work, and improvements in the legislative framework. The implementation of these reforms will ensure the empowerment of crime prevention, the fight against crime, and higher effectiveness of tools ensuring order and safety.

The structural transformation will also apply to **the criminal police** throughout the country. To enhance effectiveness, the operative, investigative, and district directions and functions will be clearly separated in the criminal police. In the investigative division, qualification enhancement and specialization will be provided to acting investigators. To this end, a basic investigative course will run at the Academy of the Interior Ministry, and mandatory standards for entering the system will be increased. In addition, the academy will offer a professional retraining course for investigators. Traditional policing strategies will be overhauled to be grounded in the concept of society-oriented police forces, and units of officers protecting order will be created in line with modern standards of police services, primarily to prevent crime.

As for **border police** reform, the development of a unified risk analysis system for border management will continue to be integrated in a relevant analytical system. The ongoing successful cooperation with international partners and donors will further deepen in the directions of the technical re-equipment, equipment, and empowerment of the border police with human resources. The development of the **Center for Joint Management of Sea Operations** will continue to strengthen the center's role and cooperation with strategic partners.

The new reform phase will continue within the **patrol police**, which will considerably improve the effectiveness and transparency of police work and will simplify administrative processes, also enhancing access to police services, introducing modern technology, and streamlining the unit's structure. Under this reform, **modern means of identifying standard procedures and offenses** will be introduced. The **beat patrol policing force** will be empowered to enhance the safety standards of directions rich in tourism and entertainment infrastructure. The government will also continue developing such police tools as **remote and secret patrolling**, which is necessary to overcome road safety-related challenges. The policy for the easy provision of police services will continue, and the concept of the **unified service center** of the patrol police will be adopted throughout the country.

The government will ensure the systemic upgrading using the fundamental principle of **respect for human rights**. To this end, the Human Rights Department was created at the Interior Ministry to enhance the quality of probing into such offenses as domestic violence, violence against women, and different discriminative offenses. The active strengthening of the department's work and the development of the human rights components will continue through adopting systems of internal and external control by the department, also through introducing a risk assessment system, and ensuring the engagement of the public, private, and non-governmental sectors.

The government will work on the further development of the **Center for Joint Operations**, taking steps toward modern technology, and paying special attention to the development of a national video-analytical system and to using it to prevent crime. Relevant measures are already in full swing to this end.

Approaches for crime prevention will be adopted, including an **analysis-based policing** model that involves the development of modern means of information reception, the development of analytical products for analyzing criminals and crimes, profiling and recommendations at both operational and strategic levels. All this will considerably improve anticrime measures and outcomes. Under analysis-based policing, such means for evaluating the optimal distribution of police resources as E-Police and interactive maps of incidents.

The road safety program will continue to serve the purpose of improving the safety of pedestrians, passengers, and drivers, and to mitigate traffic accidents. The use of modern technology will grow considerably in traffic administration. To this end, the upgrading of the newly enforced system of point accumulation, the integration of the practical driving component into the driver's license exams, and others will continue. Cooperation will deepen with **international police structures**. Based on the 2017 agreement, Georgia will actively cooperate with Europol. Europol's safe communication channel will be adopted by the Interior Ministry to use it to exchange of operative information. In addition, the Government will delegate to Europol a liaison officer. In parallel, bilateral police cooperation will deepen, the existing network of police attachés will expand, especially in the EU member states.

To ensure the proper functioning of the police system, an **effective human resources management system** will be established to ensure that career growth stems from objective criteria, merits, and qualification. Social protection mechanisms for police officers will improve, and their wages will grow gradually. At the same time, terms for hiring will be reconsidered, and the Academy of the Interior Ministry, besides being a way to join the force, will also be mandated to enhance the quality of police officers and to implement special programs, which will be achieved by the annulment of the higher education component at the academy and empowering vocational education programs.

Criminal law cooperation with the EU's Eurojust agency will advance to an even more intense phase, with relevant negotiations having already been finalized, and a relevant agreement to be signed in the nearest future.

The independence of the institution of Public Defender will be guaranteed, and so will be its active cooperation with the Parliament of Georgia and other public agencies. The Georgian government will continue working on labor rights and workplace safety fully to introduce in practice a relevant legislative framework for workplace safety and health protection in workplaces in line with the standards of international labor organizations, including the relevant EU directives.

The Government of Georgia will implement innovative approaches to the establishment of an effective mechanism for labor inspection involving the empowerment of the mandate of the labor inspection and its application across every economic sector and labor-based relations. The process of reforming the labor inspection mechanism will involve the engagement social partnerships.

Healthcare and Social Security

After the 2012 elections, the government laid the foundation of healthcare and social security policies based on the principle of social responsibility, the further improvement of which will ensure the decent life and prosperity of each citizen of Georgia.

5.2.1 Healthcare

The main achievement of the human-oriented social policy lies in the launch of the **universal healthcare program** that laid the foundation for the universal medical service coverage of every Georgian citizen. Under the blanket healthcare program for medical services, more than 4,000,000 cases have been recorded since 2013.

The government will maintain the universal healthcare system in the future. The basic universal healthcare package will be improved, and every Georgian citizen will remain protected from high expenses related to medical services. In addition, in line with the best international practices, models and mechanisms for public-private cooperation will be considered, so that employees may contribute further to the coverage of healthcare-related expenses.

Disease prevention will be prioritized by the healthcare policy. Emphasis will be directed from responding to disease to both preventive measures and early diagnostics and preempting complications.

The next phase of the **primary healthcare** reform will be implemented, namely the mechanisms for financing primary healthcare will be upgraded, and the role and importance of the family physician will grow, based on which the expenses of both the state and the population will decrease.

The **program financing of specialized directions of healthcare** will continue. All patients in need of relevant treatment will be able to use the unprecedented hepatitis C elimination program. The quality of psychological healthcare services will improve both at the inpatient and outpatient levels.

Special attention will be paid to **prenatal healthcare**. The regionalization of prenatal medical services has already been accomplished, with their institutionalization plan to be carried out in the future. Children's immunization according to the national calendar will continue, and so will the provision of pregnant women and children with pharmaceuticals necessary to ensure healthy new generations.

A foundation will be laid for modern and highly effective methods of treating **oncological diseases**.

The **financing of the system of healthcare** will be based on modern principles adopted throughout the world: the diagnosis-linked group and global budget method of financing will be used to cover service expenses, which will ensure a more effective spending of program financial resources.

To enhance **access to medications**, the state program for providing medications for treating chronic diseases for socially vulnerable strata was launched. The program's scope will expand to increase access to outpatient medications for vulnerable groups. Relevant measures will be taken to decrease polypharmacy, and the adoption of the system of electronic prescriptions will continue.

The quality of healthcare services and medications will be ensured, and the relevant legislative framework will be upgraded. The process of adopting selective contracting will continue, and **the system of state monitoring** will be strengthened. Good manufacturing and distribution practices (GMP/GDP) standards will be introduced in pharmaceutical manufacturing.

Throughout the country, the introduction of the electronic medical records system will be launched, which will considerably promote the improvement of healthcare quality. To ensure the development of healthcare human resources, a systemic reform of medical education will be implemented to improve the system of postgraduate and continuous professional development, which will promote the provision of quality medical services by competent medical personnel. This, on one hand, will improve the quality of medical services provided to patients, and will decrease the expenses of medical facilities, on the other.

5.2.2 Social Security

The main principles of the government's further social security policy include poverty reduction and prevention, the effectiveness of the social aid system, fairness, transparency, and the growth and support of employment motivation.

The government will continue **targeted social programs** to alleviate the material conditions of vulnerable groups. With the engagement of local self-government, the targeted upgrading of said programs and a fairer distribution of the existing resources will be carried out. Mechanisms for encouraging and supporting employment for able members of socially vulnerable families will be introduced in this process.

Measures will be enhanced to improve the physical and social conditions of persons with disabilities, the elderly, and children lacking in care.

The government will intensify its effective policy to provide **refugees** with living spaces. The construction of apartment complexes for refugee families will continue, and under the House in the Village project, residences will be purchased for refugee families, and the procurement from private owners of living spaces occupied by refugees will continue. All collapsing sites hazardous for life, with a relevant expert report in place, will be shut down. The state support will intensify in terms of providing refugees with access to source of living, small entrepreneurial activities, and refugee cooperation.

The process of purchasing homes for **eco-migrants** will continue throughout the country, as well as the process of registering residences and land lots, allocated in previous years, for eco-migrant families to own.

Services supporting families and measures seeking to ensure children's welfare will continue, including those designed to **improve demography**. Different directions of the state policy will intensify in the direction of population aging. Rather humane approaches to drug use will be adopted. Effective measures will continue to soften the narcotics policy through studies, analyses, and evidence-based approaches. The state will improve access to and the quality of targeted healthcare services for drug addicts. Through preventive and awareness measures, and through the promotion of healthy lifestyle, the state will avoid citizens' and youth involvement in illegal drug use, also raising public awareness about the harm posed by drug abuse.

The state, in line with the best practices of the EU member states, will develop regulations to limit access to gambling, especially for the underage and addicts. Stricter state control on the implementation of these regulations will be enforced. The preventive educational component will be strengthened to avoid the involvement of the public at large, especially youth, in gambling.