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Assessing Georgia's Democratic Consolidation Two Years after the Rose Revolution

Zurab Nogaideli
Prime Minister of Georgia

Introduced by
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On October 26, 2005, the Prime Minister of Georgia, Zurab Nogaideli, spoke at CSIS as part of the Center's ongoing Statesmen's Forum series. The following is a summary of his presentation.

Zurab Nogaideli was appointed prime minister of Georgia in February 2005. He previously served as minister of finance from 2000-2002 and 2003-2005. He was a member of parliament from 1992-2000, serving as the chairman of the parliamentary committee of tax and revenue and of the committee of environmental protection and natural resources.

Two years after the Rose Revolution, the government of Georgia is focused on the state's ongoing transformation. Democracy, security, and stability are determining the format of today's political and reform agendas.

The prime minister emphasized that the relationship between the United States and Georgia, stronger and more dynamic than ever, is built on shared values, such as an "appreciation of the notions of equality and access to opportunity, living and governing through a meritocracy, and ideals of transparency and accountability."

"As the reforms get deeper, as our nation's democracy gets stronger, and as our country becomes more prosperous, so does our partnership with the United States," said the Georgian official. In this context, Nogaideli emphasized Georgia's military cooperation with the West, exemplified by Georgia's presence in Iraq and broader support of U.S. priorities in the Middle East. He also noted strengthened economic cooperation, demonstrated by a five-year \$295.3 million agreement through the Millennium Challenge Corporation (MCC) and "25 percent trade growth [between the two countries] in the first nine months this year."

"We are entering the stage when not only individual leadership is important but when institutions matter," said the prime minister, adding that "democracy [was] no longer about elections only," and that Georgia was working to create functioning and viable institutions. Having presented the framework of transformation, Nogaideli turned to a thorough description of the reform process.

Nogaideli remarked that the International Finance Corporation of the World Bank has cited Georgia as the second most reformist country in 2004. Georgia institutionalized the fiscal and budget sectors of government finance this year, resulting in threefold growth of the budget. Moreover, substantial progress has been made in the sphere of tax collection.

Having reorganized the tax administration last year, the government is currently working on simplifying the tax regime. The number of taxes has decreased from 22 last year to only 8 this year. Additionally, along with only two other European countries, Georgia has substantially decreased the number of business licenses in 2004, striving to decrease bureaucracy and thus prevent corruption and inefficiency.

In the same context, the prime minister stressed the importance of efficient use of additional funds. They are currently being used in the energy sector and for social infrastructure, i.e., building roads and schools. Nogaideli once again highlighted the impact of the MCC compact on Georgia's democratic transformation, concluding that "every cent which will be invested in physical infrastructure in Georgia is not only investment in Georgia's today but [also] in Georgia's tomorrow."

The prime minister brought to light successes in education reform. In the former corrupt system, admissions and other decisions were not based on merit and knowledge but on connections and bribery. In contrast, the present national exempt system has created equal opportunities for all, including Georgians from remote regions.

Nogaideli insisted that the long-discussed reform of the energy sector, a source of great frustration in the past, would reach a critical stage by the end of 2006, when respective institutions and regulations would be decided upon. "[For the] first time last summer in Georgia we went through [the season] without major electricity shortages," remarked the prime minister. In the light of the upcoming privatization of the energy sector, Nogaideli stated that since 2007 the government would "have almost no say in this sector."

While local government reforms have already begun to be implemented, the government of Georgia is now working on the legal basis for sharing power in budgetary control, property rights, and other fields. In the 2006 elections, for the first time local top executives will be elected by councils, as opposed to their current nomination by the president. The prime minister concluded that the political process will thus reach the regions, marking another revolution.

Nogaideli further touched upon judicial reform that will start at the end of this year. The Anglo-Saxon system based on the competition between defendants and prosecutors and trial by jury will be imported. Drawing upon the example of open societies and conceding that the solid training of judges and prosecutors would be needed, the prime minister expressed his hope for success of this reform.

"We need to show that reforms are not done for [the sake of] reforms ... reforms are done to have results for the people on the ground." Summarizing the key elements of democratic transformation, the prime minister stressed that Georgia could set an example for the whole region. Nogaideli also mentioned the need to confront the ideas in his part of the world that "democracy is chaos and ... a strong man is needed" and that "we need to substitute transformation for so-called stability." It was pointed out that the latter cannot be long-lasting if it is not based on individual freedoms, and so the former idea should yield to principles guided by the rule of law. Referring to the new perception in the region that democracy is not only limited to Western Europe, the prime minister concluded that Georgia "[will] be doing everything possible and impossible not to disappoint our people as well as the people in the region."

With regard to South Ossetia, the prime minister remarked that "we will be decisively moving toward a peaceful resolution of the conflict." Nogaideli believes that Georgians and Ossetians can co-exist together through a democratic transition. After mentioning that the same principle would also be critical for the South Caucasus, Moldova, and other countries in the wider Middle East, the prime minister briefly elaborated on the Georgian peace plan, comprised of elements protecting the rights and representation of Ossetians, social infrastructure rehabilitation in South Ossetia, and engaging Russia while making it possible for Moscow to pursue its own interests in resolving the conflict.

When asked to draw parallels between Georgia's approach in South Ossetia and the conflict in Abkhazia, the prime minister pointed out that while the Georgian government was currently focusing on conflict resolution in South Ossetia, the policy could eventually become an example for settling conflict related to Abkhazia.

In addition to increasing foreign direct investment, managing inflation and simplifying the process of registering a business were named as developments that are helping to improve the business climate in Georgia. In sum, Nougaideli expressed his confidence that Georgia was decisively moving ahead in this area.

Addressing Georgia's relations with Europe, the Prime Minister identified two directions: Georgia's integration into the North Atlantic Treaty Organization and the European Union. Georgia was said to be implementing most of its reforms in accordance with schedules of the respective action plans of both organizations. Nougaideli also mentioned that Georgia hopes to establish a NATO Membership Action Plan by the next 2006 NATO summit and for membership negotiations by the 2008 NATO summit. As for EU integration, the prime minister said that while Georgia hoped to develop a solid plan for the European Neighborhood Policy, it would be hard "to predict the timeline of anything concerning the European Union." Nougaideli added that Georgia "should not be deprived of NATO integration" because of unresolved conflicts in South Ossetia and Abkhazia, but at the same time he assured the audience that Georgia would try to resolve the conflicts by the time Georgia is potentially able to join NATO.

The prime minister pointed out the active participation of ethnic minorities in the political process, as well as the government's efforts to further integrate such groups. In particular, Georgia is implementing infrastructure development in the Samtskhe-Javakheti region, thus helping local Armenian communities to obtain better access to markets.

Asked about the reasons behind the recent dismissal of the ex-Minister of Foreign Affairs Salome Zourabichvili, and whether this move would signify any shifts in Georgia's foreign policy, the prime minister indicated that "problems in relations" between the parliament and the former foreign minister had gone too far and that "the democratic process and the oversight role of the parliament" had not been respected. The prime minister added that foreign policy, which was the result of joint decisionmaking by the president, government, and parliament majority, would remain unchanged.

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