



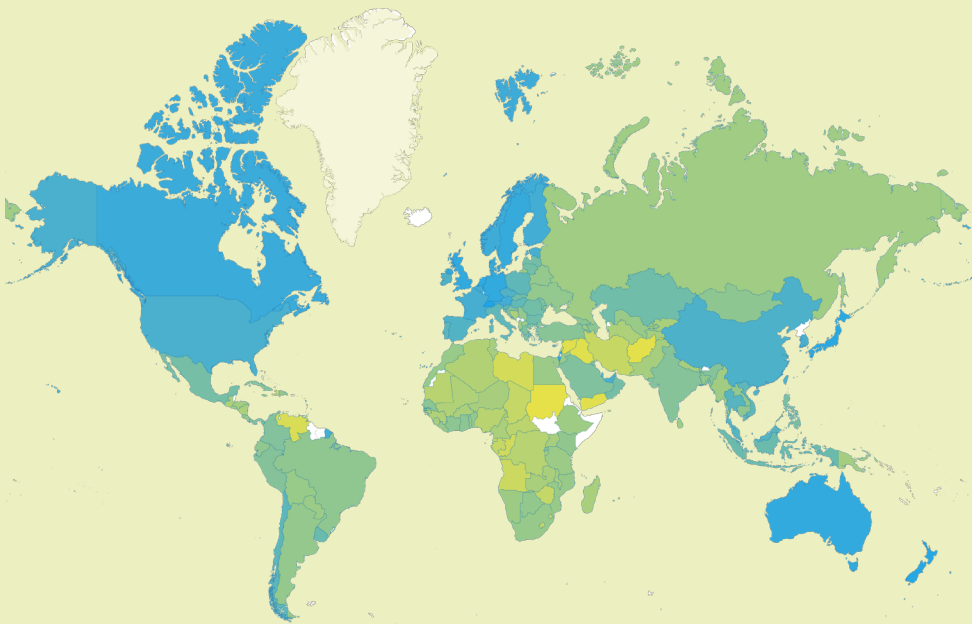
**ELITE QUALITY  
INDEX**  
EQx2023

This PDF includes a contribution from the following book:

# ELITE QUALITY REPORT 2023

Georgia: Direct reflections of the echoes of war and the expected benefits of closer ties to Europe

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## Georgia: Direct reflections of the echoes of war and the expected benefits of closer ties to Europe

The year 2022 was marked by the beginning of the Russian war against Ukraine, which became the starting point for many dramatic political and economic changes around the world. In many countries, economic indicators have deteriorated, but at the same time, the process of integration and enlargement of the EU has accelerated on the European continent. Both the war in Europe and the process of EU enlargement has had a direct impact on the political economy of Georgia. With an overall EQx ranking of # 64, Georgia is aspiring to reach Western European Elite Quality levels. This is consistent with the fact that Georgia received from the European Council in June 2022 an expression of readiness to grant the country candidate status for accession to the EU on the basis of a set of recommended reforms.

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In practical terms, Georgia, as was the case with many other countries, suffered the consequences of the war through a sharp increase in *Inflation*, which affected its overall performance in the ranking (DOI, iv.11, rank # 102). Paradoxically, however, the country saw double-digit (10.1%) economic growth. At the same time, the national currency rapidly began to strengthen. Georgia's positive economic performance is linked to the growth of remittances from Russia. In 2022, due to the Ukrainian-Russian war, more than 1 million Russian citizens visited Georgia. Of these, approximately 150,000 Russian citizens (avoiding Western sanctions and military mobilization) moved to live in Georgia for an indefinite period, though they identified themselves not as immigrants or refugees but as visitors.

Russian citizens in Georgia have registered about 10-15 thousand new private businesses, and have purchased several thousand real estate units, apartments, houses, land, etc. In addition, they have opened thousands of new Georgian bank accounts. All of this has apparently played an important role in triggering economic activity in Georgia and is reflected in a sharp improvement in economic indicators. Interestingly, this seems to have had a positive effect on equality in the coun-

try: Georgia ranks # 11 among 151 countries in terms of *Gini coefficient on net national wealth dist.* - 3-year growth (GWC, i.2, rank # 11) and # 10 in terms of *Gini coefficient on income dist.* - 1-year growth rate (GIC, i.2, rank # 10).

Several important components of Georgia's improved economic performance are due to the growth of foreign trade turnover and imports, which have also aided Georgia's impressive *Trade freedom* ranking, where Georgia scores particularly highly (TRF, iv.10, rank # 5). The *Share of imports targeted by protectionist measures (flow)* (IPM, iv.10, rank # 7) and *Share of imports targeted by protectionist measures (stock)* (IPS, iv.10, rank # 17) support this view.

At the same time, the ruling elite attributes the preservation of peace in the country as a further factor supporting economic growth. This is well reflected in the low level of *Battle-related deaths per 100,000 population*, where Georgia shares the top spot in the ranking (BRD, iii.8, rank # 1).

Despite positive economic growth, Georgia still maintains a high level of *Informal output as a % of GDP*, as is reflected by one of its worst results in the EQx (INO, i.2, rank # 139). Also, while the government of the country points to sharp job growth in 2022 (230,000 new jobs have been created in the last two years), unemployment remains a major ongoing problem in Georgia, which is reflected in the low overall *Unemployment rate* ranking of the country (UEM, iv.12, rank # 112).

All in all, if the reforms proposed by the EU in areas such as strengthening the rule of law, ensuring judicial independence and facilitating media freedom are enacted, Georgia will have one the highest growth rates in Europe.

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# Georgia

## EQx2023 Country Scorecard

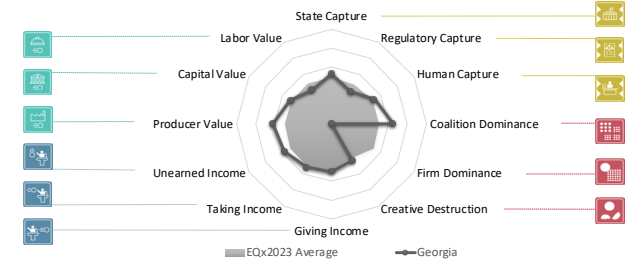
Population **3.7 million**  
 GDP (nominal) **19 billion USD**  
 GDP per capita **5'023 USD**



<b>Level 1 – Index</b>	<b>EQx Rank / 151</b> <b>64</b>	<b>EQx Score</b> <b>48.2</b>	<b>NextGen VCB Rank</b> <b>Rank 88</b>	<b>Quality Elites</b>
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<b>Level 2 – Sub-Indices &amp; Index Areas</b>	<b>EQx Sub-Indices</b>				<b>EQx Index Areas</b>							
	<b>Power</b>		<b>Value</b>		<b>Political Power (i)</b>		<b>Economic Power (ii)</b>		<b>Political Value (iii)</b>		<b>Economic Value (iv)</b>	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	83	42.0	56	51.2	70	49.3	87	38.4	49	53.0	68	50.3

<b>Level 3 – Pillars</b>		Rank / 151	Score	
<b>Political Power (i)</b>	State Capture	53	53.0	
	Regulatory Capture	93	39.8	
	Human Capture	70	52.4	
	<b>Economic Power (ii)</b>	Coalition Dominance	17	65.1
		Firm Dominance	150	0.0
	<b>Political Value (iii)</b>	Creative Destruction	59	44.2
		Giving Income	80	50.2
	<b>Economic Value (iv)</b>	Taking Income	64	52.6
		Unearned Income	30	57.4
		Producer Value	21	61.8
	Capital Value	67	50.0	
	Labor Value	111	41.6	



<b>Level 4 – EQx Indicators</b>		Rank / 151	Score
<b>State Capture (i.1)</b>	COR Political corruption	30	79.6
	COC Control of corruption	31	71.4
	OPG Open government	42	60.0
	RTC Government's responsiveness to change	73	46.1
	EPR E-Participation Index	67	54.6
	PFD Press freedom	69	52.2
	NJK Nr. of journalists killed per 1 million people (2yrs avg.)	73	25.2
	PDE Political decentralization	88	41.5
	ADE Administrative decentralization	23	81.1
	PGL Political globalization	120	27.2
<b>Regulatory Capture (i.2)</b>	WPI Women's Power Index	71	44.9
	MOB Social mobility (upward) (dev. fm optimum)	92	30.8
	INE Top 10% share of pre-tax national income	98	40.5
	GWL Gini coefficient on net national wealth dist. - level	59	62.6
	GWC Gini coefficient on net national wealth dist. - 3-year growth	11	56.1
	GIL Gini coefficient on income dist. - level	55	59.2
	GIC Gini coefficient on income dist. - 1-year growth rate	10	69.8
	ECR Ease of challenging regulations	46	57.6
	CGP Constraints on government power	57	48.8
	REQ Regulatory quality	26	78.3
<b>Human Capture (i.3)</b>	REN Regulatory enforcement	41	55.1
	PRI Property rights	47	60.0
	CRO Crony capitalism	58	0.0
	INO Informal output as a % of GDP	139	0.0
	GSI Global Slavery Index	78	54.8
	FDP Forcibly displaced population as % of population	144	26.6
	HRI Human Rights Index	56	56.0
	AFI Academic Freedom Index	83	45.7
	GRI Religion - Government Restriction Index	85	51.8
	LIN LGBT+ inclusiveness	42	68.8
<b>Coalition Dominance (ii.4)</b>	WSB Women self made billionaires	19	38.2
	WBL Women, business and the law	41	65.4
	WMA Proportion of women in senior and middle mgmt positions (	52	57.3
	IEE Top 3 industries exports as % of exports	46	63.3
	IEO Top 1 industry exports as % of exports	14	75.8
	IVA Top 3 industries as % of VA	41	60.8
	HHI Domestic market diversification	55	63.4
	ECI Economic Complexity Index	59	50.3
	PUE Public employees as a % of total employment	78	46.8
	MIL Military expenses as % of GDP (dev. fm optimum)	38	64.2
<b>Firm Dominance (ii.5)</b>	UNI Unionization rate (dev. fm optimum)	64	57.1
	BSN Barriers in service & network sectors		
	CRA Criminal actors	3	97.4
	SME SMEs per 1,000 people		
	FAM Family business revenues as percentage of GDP		
	BIW Billionaires' wealth as % of GDP	148	0.0
	FKG Top 10 firms market cap as % of GDP		
	FRG Top 3 firms revenues as % of GDP		
	FRR Top 30 firms revenues as % of GDP		
	ENT Entrepreneurship	63	40.9
<b>Creative Destruction (ii.6)</b>	GSE Governmental support to entrepreneurship	46	49.6
	VCK Venture capital finance	69	0.0
	VCA Venture capital availability	97	33.6
	RND R&D as a % of GDP	80	43.5
	EXR Firm exit ratio		
	BCD Billionaire's creative destruction	19	85.6
	IWE Index of Women Entrepreneurs		
	LEW Life expectancy women	66	59.0
	LEM Life expectancy men	86	44.9
	VAX COVID-19 vaccination rate	58	46.4
<b>Giving Income (iii.7)</b>	COM COVID-19 mortality rate, age-adjusted	142	4.6
	COF COVID-19 fatality rate, age-adjusted	40	59.8
	COV COVID-19 excess deaths, age-adjusted	14	65.1
	CLS COVID-19 lost schooldays	55	61.4
	SCI UHC Service coverage index	67	50.5
	PTR Pupil-teacher ratio	3	78.9

<b>Giving Income (iii.7)</b>	EDU School life expectancy	43	66.5
	PIS PISA mean scores	63	17.3
	UNV Top universities		
	GEE Government education expenditure	98	37.9
	OSI Online Service Index	79	51.8
	NRI Network Readiness Index	71	44.5
	INT Internet access	63	64.6
	FSQ Global Food Security Index - availability, quality & safety		
	GPS Expenditure on general public services as % of GDP (dev. fm	28	56.6
	GEX General government expenditure as % of GDP (dev. fm optim	1	78.1
<b>Taking Income (iii.8)</b>	SNT Subsidies and transfers as % of expenses	95	33.6
	REG Regional redistribution as % of government budget	99	36.0
	SUB Death rates from substance use per 100,000 people	43	62.8
	BRD Battle-related deaths per 100,000 people	1	54.2
	HOM Homicide rate	13	57.5
	SUI Suicide rate per 100,000 people	96	50.2
	DTR Tax revenue as % of GDP (dev. fm optimum)	101	25.8
	DCT Corporate tax rate (dev. fm optimum)	118	26.1
	DPS Delta public vs private sector salaries		
	FDE Fiscal decentralization	54	32.3
<b>Unearned Income (iii.9)</b>	GCI Global Cybersecurity Index	8	90.0
	GEG Gender education gap (dev. fm optimum)		
	CRM Criminal markets	4	97.9
	DBT Government debt as % of GDP	58	58.8
	NRR Natural resources rents as % of GDP	50	57.4
	GPA Green patents	60	53.3
	EPI Environmental Performance Index	82	43.5
	DER Deforestation Rate	14	57.0
	FUS Fertilizer usage kg per hectar	101	51.0
	TLP Terrestrial land protected	108	31.3
<b>Producer Value (iv.10)</b>	CDO CO2 emissions (metric tons per capita)	76	57.7
	AIR Air quality index	59	53.0
	HAZ Hazardous Waste per capita		
	WPC Waste collected per capita	36	56.4
	MWR Municipal Waste Recycling Rate		
	FIS Fishing consumption as % of population	62	62.6
	MET Red meat consumption kilograms per capita	68	51.5
	PAT Nr. of patent applications per 100,000 people	46	45.7
	FBH Financial burden of healthcare	126	0.0
	HEI Health Efficiency Index		
<b>Capital Value (iv.11)</b>	DMS Density of medical staff	22	82.6
	FSA Global Food Security Index - affordability		
	FDS Inward FDI as a % of GDP, Stock	15	56.7
	BTF Barriers to FDI	6	69.9
	OFB Open for business		
	EGL Economic globalization	22	81.5
	TRF Trade freedom	5	89.3
	IPM Share of imports targeted by protectionist measures (flow)	7	90.6
	IPS Share of imports targeted by protectionist measures (stock)	17	74.1
	DGI Share of discriminatory government interventions as % of totc	112	11.3
<b>Labor Value (iv.12)</b>	DGS Share of discriminatory government interventions as % of totc	69	51.8
	DOI Inflation (dev. fm optimum)	102	53.5
	DEF GDP deflator index growth rate (dev. fm optimum)	61	56.3
	DNI Neutral interest rate (dev. fm optimum)		
	FMI Financial Markets Index	95	30.6
	GFC Gross capital formation	111	33.7
	DMA M&A as % of investment - 3 yrs rolling avg. (dev. fm optimum)	37	52.7
	GOL Gold demand as % of GDP		
	UNC Unicorns per 1 million people		
	BSG Billionaires self-made nr. per 1 million people	16	56.5
BSM Billionaires self-made as % of total billionaires	1	82.8	
<b>Labor Value (iv.12)</b>	LPG Labor productivity growth	80	45.9
	WLP Delta real wage vs labor productivity increases		
	LFP Labor force participation rate	51	59.1
	LFR Labor force participation ratio - male vs female	85	53.9
	UEM Unemployment rate	116	38.4
	YUN Youth unemployment rate	124	28.1
	BRN Human flight and brain drain	79	41.1

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