

# Advancing Economic Progress Through Open Governance: A Situational Analysis of Public Administration in Georgia

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**Abstract:** The article explores how state functions in public administration are essential for advancing societal welfare and driving economic progress. Since gaining independence, Georgia has strategically pursued various pathways to stimulate economic growth, placing a strong emphasis on initiatives designed to enhance management efficiency and mitigate risks effectively. A pivotal component of Georgia's strategy has been its active engagement in the "Open Government Partnership," which integrates principles of transparency and accountability deeply into its governance practices. This study examines how open governance principles, such as accountability, transparency, and citizen involvement, interact with key economic indicators such as gross domestic product (GDP), foreign direct investment (FDI), and levels of corruption. Using scientific information gathered from studying this issue, we apply documentary and comparative analysis methods to present our findings. The study demonstrates that open governance offers significant potential for economic development in any country, including Georgia.

**Key-Words:** - Open Governance, - Georgia, - Economic Growth, - Accountability, - Transparency, - Citizen Engagement

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## 1 Introduction

The Open Government Partnership (OGP), launched in 2011 by the presidents of the United States and Brazil, stands as a collaborative initiative aimed at enhancing governmental transparency and accountability globally (OGP, 2011). Originally comprising eight founding nations, including Brazil, Indonesia, and the United States, the OGP encourages participating governments to commit to greater transparency, citizen engagement in decision-making processes, and the improvement of public services. A crucial measure of success within the OGP framework lies in how effectively member states fulfill these commitments.

Initially centered on executive authorities, the OGP expanded its scope in 2014 to include legislative bodies and, subsequently, in 2016, launched a pilot program involving local authorities (OGP, 2024). Georgia, a founding member of the OGP, joined in September 2011 and has since collaborated closely with civil society to develop and implement multiple action plans aimed at enhancing transparency and citizen engagement in governance (OGP, 2024).

Effective governance, particularly in economic matters, plays a pivotal role in a country's development trajectory. Economic progress hinges on informed governance decisions that foster transparency and inclusivity. Open governance

represents a departure from traditional top-down approaches, advocating instead for collaborative decision-making between the state and civil society. This approach not only enhances policy effectiveness but also promotes community-driven initiatives that contribute to sustainable economic growth.

This study delves into the concept of open governance as a cornerstone of economic development. It seeks to elucidate how open governance practices, rooted in transparency, accountability, and citizen participation, facilitate economic progress. Key objectives include defining the principles of open governance, exploring the impact of transparency and accountability on investor confidence and economic advancement, and analyzing the pivotal role of citizen involvement in shaping state policies, particularly in economic domains.

## 2 Literature Review

### 2.1 The Role of Transparency and Accountability in Economic Growth and FDI

The relationship between transparency, accountability, foreign direct investment (FDI), and economic growth has been a topic of extensive research. Numerous studies have demonstrated that transparency and accountability play pivotal roles in enhancing FDI and fostering economic growth,

particularly in developing and emerging economies. Economically, countries with strong accountability and transparency frameworks are more attractive to foreign investors. This attraction stems from clear regulatory frameworks and low levels of corruption, which instill confidence in investors and foster a conducive environment for business growth and economic development.

Collier (2007) emphasizes the importance of governance reforms, including transparency and accountability, in fostering economic growth and improving the lives of the bottom billion people. He argues that effective governance not only reduces corruption and inefficiencies but also creates an environment conducive to investment and economic development. Similarly, Sundaram (2007) provides insights into how governance reforms can promote economic development, enhance accountability in public institutions, and create an enabling environment for international trade and investment. His work underscores the critical role of governance in shaping economic outcomes and fostering sustainable development practices.

## **2.2 Citizen Engagement in Economic Policy Formation**

Citizen engagement in economic policy formation plays a crucial role in democratic governance, transcending electoral processes to include ongoing communication between citizens and governments (Sen, 1999; Putnam, 1993; Ostrom, 1990; Barber, 1984; Fung & Wright, 2003; Hendriks, 2011). Amartya Sen's capabilities approach underscores that policies should enhance individuals' capabilities to lead fulfilling lives, advocating for participatory processes that align policies with diverse societal needs (Sen, 1999). Robert D. Putnam's research in "Making Democracy Work: Civic Traditions in Modern Italy" explores how civic engagement and social capital contribute to effective governance and economic development, illustrating that societies with active citizen involvement achieve better economic outcomes (Putnam, 1993). Elinor Ostrom, in "Governing the Commons," demonstrates how citizen participation fosters sustainable resource management and economic stability through decentralized decision-making (Ostrom, 1990).

Benjamin Barber's "Strong Democracy: Participatory Politics for a New Age" advocates for direct citizen participation in economic policy formulation, arguing that inclusive decision-making processes strengthen democratic legitimacy and governance effectiveness (Barber, 1984). Archon Fung and Erik Olin Wright, in "Deepening Democracy: Institutional Innovations in Empowered Participatory Governance," discuss institutional

mechanisms that empower citizens in democratic decision-making, including economic policy formulation (Fung & Wright, 2003). Carolyn M. Hendriks' research on "The Politics of Public Deliberation: Citizen Engagement and Interest Advocacy" explores how public deliberation shapes economic policies that reflect community preferences and values, emphasizing the role of deliberative democracy in enhancing policy responsiveness and public trust (Hendriks, 2011).

## **2.3 The Impact of Transparency and Accountability on Trust for Investment**

The trust that develops among people encompasses all significant aspects of public life, including current pressing issues like the economy and its key focus on direct foreign investments. Trust is influenced by numerous factors, such as political and economic stability, the effective operation of state institutions, adherence to the rule of law, a well-functioning and independent judicial system, low levels of corruption, and more. In countries where foreign direct investments are substantial, this can be attributed to various factors. Generally, it reflects good governance and adherence to fundamental principles of the rule of law, such as accountability and transparency, which in turn enhance trust.

Global experience across various sectors and stakeholders shows that open government and open data positively impact economic growth and job creation. Utilizing these resources can help achieve goals like decent work, sustainable economic growth, and promoting policies that support job creation and business growth. Transparent economic policies are crucial for foreign investors for several reasons. Firstly, a lack of transparency increases business costs, as companies must navigate the absence of information that should be provided by relevant government departments and institutions.

## **2.4 Combating Corruption Through Transparency and Accountability**

Corruption is another crucial factor that can undermine foreign direct investment and economic growth (Freckleton et al., 2012). The interplay between transparency, accountability, and the reduction of corruption has been extensively studied and recognized as crucial for fostering trust, promoting good governance, and ensuring equitable socio-economic development (Reichert & Sorek, 2019; Rose-Ackerman, 1999; Transparency International, 2019). By holding individuals and institutions accountable for their actions and decisions, and by fostering transparency in processes and information dissemination, societies

can effectively deter corrupt practices and cultivate environments conducive to integrity and fairness.

Accountability mechanisms, such as robust reporting systems and clear mandates for public officials, act as powerful deterrents against corrupt practices. When individuals know their actions are subject to scrutiny and potential consequences, the inclination towards engaging in corrupt activities diminishes significantly (Open Society Foundations, 2020). Moreover, transparency in decision-making processes and public access to information play pivotal roles in building trust between citizens and government institutions (Transparency International, 2020). When stakeholders can observe and understand how decisions are made and resources allocated, they are more likely to perceive governmental actions as fair and legitimate, thereby bolstering public confidence and support.

Transparent public procurement processes and budgetary allocations enhance the efficient allocation of resources. By minimizing opportunities for rent-seeking and embezzlement, accountability measures ensure that resources are distributed based on merit and public interest rather than personal gain, ultimately promoting effective resource management and equitable distribution (Hallerberg & Scartascini, 2020; World Bank, 2017). Furthermore, the combination of accountability and transparency nurtures a culture of ethical behavior within organizations and institutions (Trevino & Nelson, 2016; Maesschalck & Dekker, 2017). Leaders and employees are incentivized to uphold high standards of conduct and integrity, knowing that their actions are subject to public scrutiny and accountability measures.

Transparency also empowers civil society organizations, media, and watchdog groups to hold governments and corporations accountable. Access to information enables these groups to advocate for policy reforms, expose wrongdoing, and mobilize public opinion against corruption, thereby contributing to a more accountable and democratic society. Many authors (Mungiu-Pippidi, 2015; Githongo, 2005; Johnston, 2005; Pope, 2000; Kaplan, 2001) argue that transparency is a cornerstone of good governance, essential for combating corruption, promoting accountability, and fostering economic development across various sectors and contexts. However, their works also exhibit differences in focus and emphasis. Mungiu-Pippidi emphasizes broader societal developments in controlling corruption and the role of transparency in fostering good governance across different countries. Githongo focuses on specific case studies, such as Kenya, and personal

experiences as a whistleblower, illustrating practical challenges and outcomes of transparency efforts. Johnston explores corruption syndromes in relation to wealth, power, and democracy, examining systemic issues and the interplay between transparency, accountability, and governance. Pope provides a comprehensive guide to transparency measures and their implementation by civil society and international organizations like Transparency International. Kaplan discusses transparency in the corporate context, particularly within the tech industry, highlighting implications for business ethics and corporate governance.

The existing literature underscores the vital importance of transparency, accountability, and strong institutions in attracting foreign direct investment and fostering sustainable economic growth, particularly in developing and emerging economies (Omolorun & Abilogun, 2017; Nam et al., 2020; Raeskyesa & Suryandaru, 2020; Freckleton et al., 2012). By prioritizing these key principles, countries can create an environment that is attractive to foreign investors, promotes the creation of new businesses and jobs, and ultimately drives long-term economic prosperity.

### 3 Methodology

The existing literature on open governance and its influence on the economy is extensive and growing, highlighting the importance of transparency, accountability, and citizen engagement in fostering economic growth and attracting FDI. However, there is a need for more empirical research to quantify the specific economic impacts of open governance initiatives.

In the framework of our work, we employed a mixed-methods approach to conduct our analysis, combining both qualitative and quantitative methods to comprehensively evaluate the impact of OGP commitments on economic performance. Through the document analysis method, we conducted a thorough review of Georgia's OGP action plans and commitments to identify those that had a direct or indirect influence on economic indicators such as GDP growth, foreign direct investment (FDI) inflows, and overall economic development. This methodology allowed us to demonstrate not only the tangible economic benefits of implementing transparency and accountability measures but also to identify specific commitments that had the most significant economic impact and provide recommendations for enhancing the effectiveness of OGP commitments to maximize their positive economic effects.

In the Data Collection phase, we collected data on key economic indicators, including GDP growth, FDI inflows, and the Corruption Perceptions Index, for the last 10 years. Additionally, we gathered economic data such as employment rates, business registration statistics, and trade volumes to provide a more comprehensive view of economic performance. We also utilized the Qualitative Analysis method and conducted interviews with key stakeholders, including government officials and civil society representatives involved in open governance in Ajara region, namely in the supreme council of autonomous republic of Ajara. These interviews provided deeper insights into the context and perceived impact of the OGP commitments. Qualitative data were analyzed to understand the mechanisms through which these commitments influence economic performance and to capture stakeholder perspectives on the effectiveness of the initiatives.

## **4 Overview of the Action Plans of Georgia**

### **4.1 OGP Georgia Action Plan for 2012-2013**

Several completed commitments from Georgia's 2012-2013 OGP action plan hold significant economic potential. According to the Independent Reporting Mechanism (IRM) report for this action plan, a total of 12 commitments were evaluated, out of which three commitments were completed.

The completed commitments have had varying impacts on foreign direct investment (FDI), gross domestic product (GDP), the economy, and corruption in Georgia. Notably, the commitments related to "Transparent Party Financing" (Commitment 3.4), "Homegrown Concept of E-procurement" (Commitment 4.1), and "Citizens and Justice" (Commitment 3.3) had transformative potential impacts and were fully implemented. Commitment 3.4, "Transparent Party Financing," deters corruption by ensuring transparency in political party funding, thereby increasing investor confidence and potentially boosting FDI. Commitment 4.1, the "Homegrown Concept of E-procurement," improved public procurement transparency by developing e-portals, which stakeholders see as a key step in preventing corruption and enhancing economic stability and growth through reduced corruption and increased efficiency in public spending. Although the "Citizens and Justice" commitment was completed, it was not considered consistent with the core values of the Open Government Partnership (OGP), as

stakeholders felt it did not align well with the goals of transparency.

However, several critical commitments remain unfulfilled, impacting economic development. For instance, Commitment 3.1 aimed at launching Ichange.ge and Data.gov.ge to provide transparent public information access and online request capabilities, but these platforms were only partially completed (Completion Status: Not Started). The failure stemmed from improper planning, lack of a defined implementation timeline, insufficient resources, and a shortage of qualified staff, limiting public access to crucial government information and hindering informed decision-making and public trust in governance processes. If successfully implemented, these platforms could significantly enhance transparency and accountability, thereby improving the business climate and potentially attracting more foreign direct investment (FDI). Transparent governance and accessible information are critical factors that investors consider when evaluating new markets, as they reduce perceived risks and increase confidence in the regulatory environment.

Similarly, Commitment 3.2, the Platform for Participating in the Legislative Process, faced implementation limitations despite significant civil society support, restricting citizen engagement in law-making processes (Completion Status: Limited). Enhanced citizen participation in legislative processes can lead to more inclusive and responsive policies that support economic growth and social development. Countries with robust mechanisms for citizen involvement tend to exhibit stronger governance frameworks and more stable economic environments, which are attractive to investors seeking long-term opportunities.

### **4.2 OGP Georgia Action Plan for 2014-2015**

In the evaluation of Georgia's 2014-2015 OGP action plan, 29 commitments were made, with 18 completed, 4 substantially fulfilled, and 7 showing limited progress. None remained unstarted, and 5 commitments carried over to the subsequent action plan.

The successful completion of commitments such as Commitment 1A (implementing travel insurance services), 1B (implementing state property registration services), and Commitment 3 (creating JUSTdrive for PSH services) signifies a significant step towards enhancing Georgia's economic landscape. These initiatives streamline public service delivery, reducing bureaucratic inefficiencies, and enhancing transparency. Improved efficiency in property registration

(Commitment 1B) and service accessibility can attract Foreign Direct Investment (FDI) by creating a more favorable business environment. Digital platforms like JUSTdrive (Commitment 3) and the Citizen's Portal not only stimulate GDP growth by boosting productivity but also mitigate corruption risks through transparent, accountable processes.

Other commitments focus on improving local service delivery and community engagement, such as Commitment 6A (Development of Community Centers in Georgia) and Commitment 7 (Transformation of Public Libraries for Regional Development). These efforts enhance regional development and economic growth by providing better access to information and services, thereby supporting GDP growth through improved local governance and service efficiency.

Additionally, commitments like Commitment 11 (Georgia's OGP Forum) enhance civic participation by improving coordination and consultation mechanisms with civil society organizations (CSOs), fostering a more transparent and accountable governance environment. Initiatives like Commitment 14 (Public Officials' Asset Declarations Monitoring System) increase accountability and transparency in the public service, reducing corruption and improving the investment climate.

Commitments aimed at enhancing governance transparency, such as Commitment 15 (Proactive Publishing of Surveillance Data) and Commitment 16 (Special Needs Accessibility to Ministry of Interior's Webpage), improve accessibility to essential government information, indirectly supporting economic development by fostering public trust and engagement. These efforts contribute to a more informed and active citizenry, thereby promoting economic stability and growth.

Commitments focusing on transparency in public procurement (Commitment 20), digital preservation of documents (Commitment 22), and improving efficiency and transparency in public finance management (Commitment 25) create a stable fiscal environment conducive to economic growth and investment. Initiatives like Commitment 26 (Develop Alternative Channels to Connect to "112") and Commitment 27 (Interactive Statistics and Crime Mapping) improve community safety and trust, further supporting economic stability and growth.

The substantial completion of commitments such as Commitment 6B (Implementation of Electronic Services for Tourists), Commitment 9 (Open Data Portal Development), Commitment 14 (Public Officials' Asset Declarations Monitoring System),

and Commitment 26 (Develop Alternative Channels to Connect to "112") marks a significant advancement for Georgia's economic landscape. Commitment 6B enhances tourism services through electronic platforms, boosting efficiency and visitor accessibility. Commitment 9's Open Data Portal enhances transparency and supports informed decision-making. Commitment 14 strengthens accountability in public service, reducing corruption risks. Commitment 26 improves emergency response systems, enhancing public safety and fostering economic stability.

The limited completion of commitments such as Commitment 4 (Economic Sanctions and Licensing Monitoring System), Commitment 5 (Economic Feasibility Studies Database), Commitment 8 (Improving Accessibility of Justice Services), Commitment 10 (Accessible Information on Natural Disaster Risk Reduction), Commitment 12 (Transparent and Accountable Implementation of Education Programs), Commitment 22 (Digital Preservation System: e-Archive), and Commitment 27 (Interactive Statistics and Crime Mapping) reflects challenges in enhancing Georgia's governance and economic landscape. Commitment 4 aims to monitor economic sanctions and licensing, crucial for regulatory transparency and investor confidence, but faces implementation hurdles. Commitment 5's Economic Feasibility Studies Database could support informed decision-making in business investments but has seen limited progress. Commitment 8 seeks to improve justice service accessibility, vital for legal certainty and economic activity, yet faces implementation complexities. Commitment 10's accessibility to natural disaster risk information is crucial for resilience and development planning but lacks sufficient operationalization. Commitment 12 aims to ensure transparency in education program implementation but has encountered implementation challenges. Commitment 22's Digital Preservation System for e-Archive could enhance historical data access for governance and research but faces resource constraints. Commitment 27 aims to improve crime statistics transparency, crucial for public safety and policy-making, but has seen limited operational impact.

In conclusion, Georgia's second OGP action plan has played a crucial role in promoting economic development through strengthened governance and transparency efforts. The successful completion of several commitments has streamlined public services, enhanced transparency, and attracted foreign investment, contributing positively to economic growth. However, challenges remain

evident with commitments that have shown limited progress, particularly in areas such as economic sanctions monitoring, justice service accessibility, and digital preservation.

### **4.3 OGP Georgia Action Plan for 2016-2017**

Georgia's OGP Action Plan includes a range of completed commitments aimed at enhancing governance transparency and citizen engagement. Commitment 1 focused on adapting the Tbilisi Public Service Hall (PSH) for the visually impaired, successfully improving accessibility and setting a precedent for further branch adaptations. Commitment 11 saw the launch of budgetmonitor.ge by the State Audit Office (SAO), significantly increasing access to financial information and citizen participation in audit processes. Commitment 13 involved the publication of disaggregated phone-tap data by the Supreme Court, promoting transparency despite limited public use due to security concerns. Commitment 14 established local crime prevention councils by the Prosecutor's Office, enhancing local engagement and coordination on crime prevention, albeit with limited public awareness. Commitment 18 involved the adoption of a Transparency and Integrity Strategy by the Ministry of Regional Development and Infrastructure (MRDI), setting sectoral anti-corruption standards with moderate coverage on procurement transparency. Commitment 21 introduced electronic submission of enterprise reports by the Georgian National Energy and Water Supply Regulatory Commission (GNERC), streamlining data accessibility and systematization. These efforts collectively highlight Georgia's commitment to advancing OGP values through targeted reforms in governance and public service delivery.

### **4.4 OGP Georgia Action Plan for 2018-2020**

In Georgia's Action Plan for 2018-2019 under the Open Government Partnership (OGP), the commitments were structured around several core priorities aimed at transforming governance and enhancing public service delivery. The plan emphasized leveraging technology and transparency to improve accountability and citizen engagement across different facets of government operations.

In the action plan, most commitments faced limitations or were not completed within the designated timeframe. Only a few commitments (commitment 1: Improve Public Services for All; commitment 7: Public Monitoring of Sustainable Development Goals (SDGs); commitment 8:

Develop Legislative Acts Based on Citizen Engagement and Data Analysis; commitment 9: Publish court decisions in a unified database and create a retrieval system; commitment 17: Improve the open data collection and publishing process in Akhaltsikhe and Kutaisi municipalities; commitment 19: Introduce institutionalized participatory budgeting in Batumi City; commitment 23: System to assess services and citizens' satisfaction in Ozurgeti Municipality) saw substantial or complete implementation, highlighting challenges related to technical, financial, and procedural aspects.

Firstly, a significant focus was placed on enhancing public services through innovative platforms and electronic systems. This included initiatives like developing a citizen engagement platform to foster interaction between citizens and government, and introducing electronic services to streamline access to state services. These efforts were geared towards making public services more efficient, accessible, and responsive to citizen needs.

Secondly, strengthening integrity in the public sector was a pivotal objective. Commitments under this theme aimed at bolstering anti-corruption measures and improving transparency. This involved implementing mechanisms to monitor progress towards Sustainable Development Goals (SDGs), developing legislative acts based on data analysis and citizen input, and enhancing transparency in the operations of state-owned enterprises. These initiatives sought to build trust in government institutions and ensure accountability in governance processes.

Thirdly, efforts were directed towards improving the management of public resources. Commitments focused on increasing citizen participation in overseeing public finances, particularly through tools like the Budget Monitor platform. Additionally, there were initiatives to enhance transparency and efficiency in public procurement processes through the adoption of electronic innovations and adherence to international standards.

Furthermore, the Action Plan aimed at promoting corporate responsibility by establishing unified standards for managing state-owned enterprises and enhancing transparency in their operations. These measures were intended to ensure that these entities operated with integrity and efficiency, aligned with international best practices.

Lastly, the commitment to create a safe environment was underscored by initiatives such as the proactive publication of statistical data and inspection results by the Ministry of Internal Affairs. Additionally, an

electronic platform was developed to facilitate compliance with environmental assessment requirements, enhancing public participation and transparency in decision-making processes related to environmental issues.

Overall, Georgia's Action Plan for 2018-2019 under the OGP articulated a comprehensive strategy to advance e-governance, transparency, and citizen engagement. It aimed not only to modernize public service delivery but also to strengthen democratic processes and promote sustainable development through accountable and transparent governance practices.

From 2012 to 2019, the commitments undertaken in the four action plans demonstrate continuous progress in enhancing the transparency of state agencies, improving public services, managing resources, and ensuring security. Each action plan builds on the efforts and achievements of the previous ones, creating a cumulative positive impact on the activities of state agencies. For instance, the establishment of the House of Justice in the 2012-2013 action plan laid the groundwork for digital governance improvements. This foundation allowed for the introduction of e-petition systems and e-procurement platforms in the 2014-2015 action plan, which evolved into more sophisticated public engagement platforms and anti-corruption measures in the 2018-2019 action plan. This methodical and strategic approach underscores a deliberate and thoughtful approach to governance.

## 5 Promoting transparency, Accountability and Citizen participation in economic development in Georgia

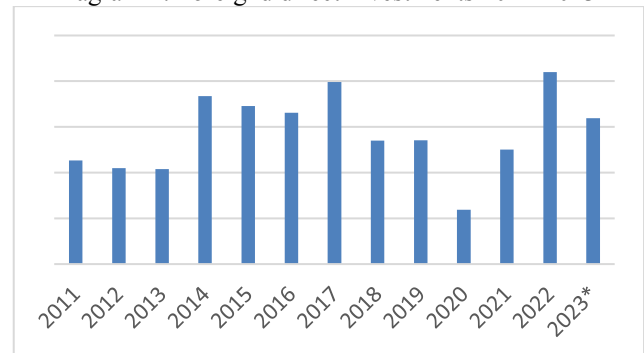
The Government of Georgia acknowledges the pivotal role of information and communication technologies (ICT) and electronic services in modern governance, as demonstrated through the implementation of 24 commitments outlined in the second action plan for 2014-2015. These commitments primarily focus on two key priorities: establishing an electronic government system and enhancing the strategy for managing public finances. Platforms such as the electronic state treasury management system (eTreasury), electronic budget planning system (eBudget), state debt and investment project management system (eDMS), and electronic auction system (eAuction) were developed as part of these initiatives. A robust public finance system, supported by stable and predictable regulatory frameworks, enhances

investor confidence, making it more attractive for investment.

The positive impact of these commitments on investment inflows is evidenced by the significant increase in foreign direct investments (FDI) during the action plan period.

The steady increase in investment inflows is facilitated by the implementation of commitments outlined in the subsequent third action plan for 2016-2017. These commitments include Commitment 14, aimed at enhancing citizen participation in public finance oversight (public audit), and Commitment 15, focusing on electronic innovations to enhance transparency and efficiency in public procurement. The former seeks to bolster transparency and accountability in public administration by involving citizens in the public audit process, thereby promoting efficient and economical allocation of budgetary resources. The latter commitment introduces greater flexibility in the state procurement process for consumers, purchasing organizations, and business sector representatives. Specifically, it consolidates tender-related information into a single platform and provides access to annual state procurement plans. Consequently, by improving transparency, fostering competition, and expanding business opportunities, these commitments indirectly contribute to attracting foreign investment and stimulating economic growth.

Diagram 1: Foreign direct investments 2011-2023



Source: National Statistical Service of Georgia

It's also important to note that Commitment 14 includes mechanisms to more effectively identify and address corruption cases. Specifically, citizen engagement in monitoring public finances makes it harder to overlook corrupt practices, ultimately contributing to a reduction in corruption.

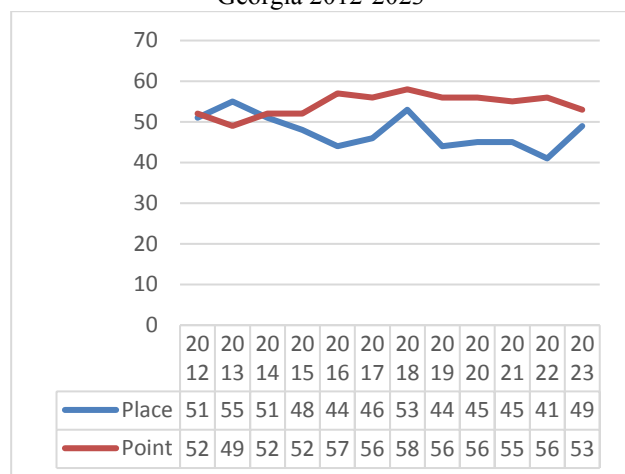
Statistics indicate that during the fulfillment period of this commitment, Georgia significantly improved its standing in combating corruption. According to the Corruption Perception Index, where 100 points indicate the lowest and 0 points the highest



corruption levels, Georgia improved its score by 5 points and moved up 4 places in 2016.

In terms of commitments aimed at reducing corruption, it is noteworthy to mention Commitment 9: Implementation of a system for monitoring the property status declarations of officials. This commitment directly targets the prevention of corrupt practices by enhancing transparency and holding public officials accountable for their assets.

Diagram 2: Corruption Perception Index - Results of Georgia 2012-2023



Source: International Transparency (10)

Over the last decade, the trend indicates a decline in Georgia's Corruption Perception Index (CPI). In 2023, Georgia's score worsened by 3 points compared to previous years, totaling 53 points. Consequently, it now ranks 49th among 180 countries, down from its previous position at 41st. The decline in scores post-2020, or stagnation, partly stems from the absence of an action plan. The fourth action plan for 2018-2019, which had its implementation extended until 2020, cannot be attributed to the global coronavirus pandemic. This is because the action plan was originally scheduled to conclude by December 2019, and the first case of COVID-19 in Georgia was recorded in March 2020. From the diagram, it is evident that Georgia obtained higher corruption perception scores in 2016 and 2018 than in the subsequent years. This discrepancy suggests that the fourth action plan (2018-2020) may have lacked specific commitments aimed at systematically addressing and preventing corruption.

Consequently, disregarding principles of open government across various domains will likely have a detrimental impact on the country's rating in this area.

Georgia's positive reputation can also be attributed to specific commitments within the third 2016-2017 Action Plan, which include:

Commitment 3: Implementing an e-licensing system for natural resources to enhance transparency in resource management. This initiative is crucial for attracting foreign investment, particularly in industries such as mining and energy, by providing clear regulations and streamlined processes for licensing.

Commitment 4: Establishing a spatial data web portal for the energy sector. This platform facilitates easier access to comprehensive information about energy infrastructure, thereby increasing investor confidence in the sector's stability and potential for growth.

Commitment 5: Creating an innovation ecosystem through infrastructure development, training programs, and improved technology access in regional areas. This commitment aims to attract foreign investors interested in supporting or participating in innovative and technology-driven enterprises.

Commitment 19: Developing a guide for economic agents to navigate and comply with competition laws more effectively. This initiative enhances transparency and predictability in Georgia's business environment, which is essential for foreign investors assessing market opportunities and competition dynamics.

Commitment 20: Implementing a commercial service quality control program led by the National Energy and Water Regulatory Commission of Georgia. This program focuses on improving service standards and transparency in utility sectors, crucial factors for attracting foreign investment in utilities and related industries.

Commitment 21: Introducing an electronic reporting platform for companies regulated by Georgia's National Energy and Water Regulatory Commission. This platform enhances transparency and accessibility of information within regulated industries, thereby increasing investor confidence in regulatory compliance and operational transparency. As depicted in the diagram, during the period of 2018-2019, Georgia's score increased while its ranking position decreased. The failure to sustain these improvements can be attributed, in part, to the focus of the existing action plan on enhancing obligations from the 2016-2017 period. Specifically: Commitment 4: The Ministry of Economy and Sustainable Development of Georgia committed to creating an interactive platform for economic governance. This platform aimed to maximize public and private sector involvement in economic policy development, enhance decision-making effectiveness, increase process transparency, and improve business environment predictability. This



commitment significantly bolstered the potential for enhancing Georgia's Corruption Perception Index (CPI) score by enabling the private sector to provide pertinent information crucial for fostering a favorable business environment.

**Commitment 11:** This commitment aimed at increasing citizen participation in public finance oversight. It transformed the innovative analytical web platform "budget monitoring" into an interactive platform where audit results were presented in easily understandable formats for public scrutiny, aligning with the principles of transparency and accountability.

**Commitment 13:** Focused on e-innovations to enhance transparency in public procurement, this initiative involved the Public Procurement Agency, supported by the World Bank, the Department for International Development, and the Open Data Partnership. Together, they aimed to implement the Open Contracting Data Standard (OCDS), ensuring the publication of open and structured data at all stages of the procurement process—from planning to execution. This commitment aimed to increase transparency, thereby contributing to efforts to combat corruption.

These commitments underscore Georgia's efforts to improve governance transparency, enhance public participation in oversight processes, and ensure openness in procurement practices. However, sustaining and building upon these initiatives is crucial for Georgia to continue progressing in transparency and governance effectiveness, ultimately enhancing its global ranking in corruption perception indices.

It is also noteworthy to mention the 2024-2025 action plan for the current year, which notably reduces the number of commitments compared to previous action plans. There could be several reasons for this reduction. The key commitments outlined in the current plan which effects on economy are as follows:

**Commitment 1** focuses on enhancing the current standard for requesting and proactively publishing public information in electronic form. The commitment primarily emphasizes the active publication of information while also prioritizing the training and qualification enhancement of responsible personnel. This training aims to facilitate effective communication with the public, ensuring increased accessibility to public information across critical domains such as energy projects, mineral extraction, government decisions, and court rulings.

**Commitment 4** aims to ensure transparency and inclusion within Georgia's extractive industries

sector. This commitment underscores the significance of various mineral resources in driving the country's economic growth. By adhering to the principles of the Extractive Industries Transparency Initiative (EITI), Georgia enhances mechanisms for accountability and transparency. Furthermore, it facilitates the examination of the economic impact of natural resource extraction both nationally and locally.

Our hypothesis gains further support from the positive correlation observed between GDP and economic growth indicators and open governance. Specifically, in the first action plan (2012-2013), where commitments were largely partially fulfilled, there was a noticeable decline in GDP. Conversely, commitments initiated in the first action plan and carried forward into the second action plan (2014-2015) contributed to an improvement in this indicator. Subsequently, GDP continued to rise in 2017, which can also be attributed to the fulfillment of these obligations. The significant GDP decrease in 2020, besides the pandemic impact, can also be attributed to the absence of comprehensive action plans during that period.

Diagram 3: GDP and economic growth - in Georgia 2012-2023

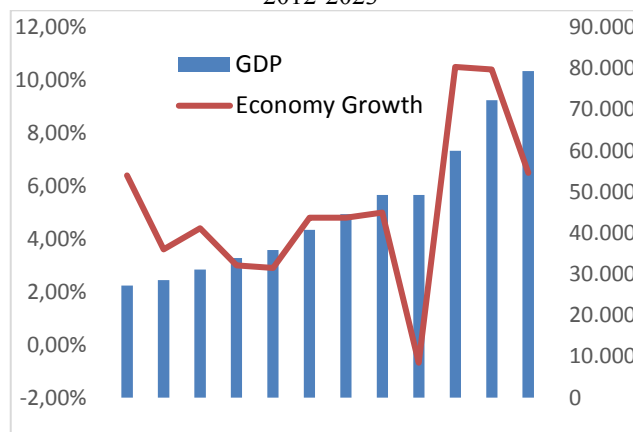
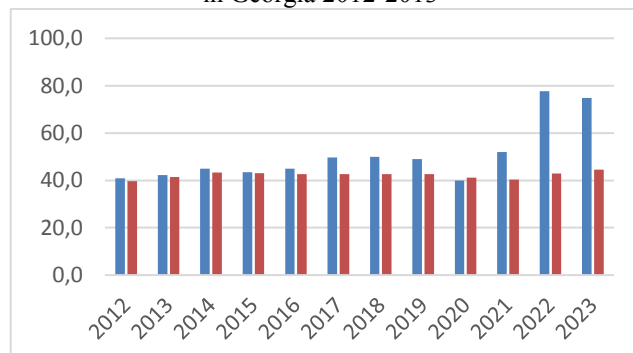


Diagram 4: Number of newly registered business entities (in thousands) and Level of employment (in percentage) in Georgia 2012-2013



Finally, our study of the action plans reveals that commitments implemented during 2016-2017 have created an optimal environment for attracting investments and reducing corruption. These commitments align closely with our hypothesis that principles of open government significantly influence a country's economic and political landscape. In contrast, subsequent action plans, such as the 2017-2018 plan, showed some improvement in fulfilling obligations from the previous plan, leading to a slight increase in ratings. However, the current action plan lacks innovative measures that could introduce new opportunities to further reduce state corruption, enhance transparency, and drive additional economic progress.

## **6 Enhancing Governance Through Open Government Partnership: Insights from Georgia**

In our research, we determined the number of interviews needed to ensure data saturation, targeting 25-35 interviews across key stakeholder groups. This included 8-10 interviews with government officials, 6-8 with civil society organization representatives, 4-6 with experts in transparency and economic development, 4-6 with private sector representatives, and 3-5 with citizens and beneficiaries. This distribution allowed us to capture diverse perspectives while maintaining flexibility based on emerging insights.

The survey for government officials gathered insights into their roles in implementing OGP commitments, the impact on their departments, citizen engagement, implementation challenges, successes, and the influence on employment. Civil Society Organization Representatives were asked about their contributions to the OGP process, impacts on monitoring and advocacy, challenges faced, collaboration with the government, and suggested improvements.

Private Sector Representatives were questioned about their interactions with OGP initiatives, the benefits and challenges experienced, perceptions of OGP's impact on the investment climate, and suggestions for enhancing private sector engagement. Citizens and Beneficiaries were asked if they had personally benefited from OGP initiatives, their ratings of government transparency and decision-making, and their perceptions of government accountability.

Government officials found that OGP commitments improved departmental processes, resource management, and transparency. Initiatives like e-procurement reduced corruption and boosted public

trust. Platforms like [budgetmonitor.ge](http://budgetmonitor.ge) allowed citizen engagement with financial data, though broader awareness is needed. Challenges included limited resources, technical expertise, and resistance to change. Successes included the eTreasury system, which increased efficiency. Views on employment impact were mixed, with some noting better job opportunities and others pointing to job losses due to automation.

CSOs emphasized their role in advocacy, monitoring, and feedback on OGP commitments. They facilitated citizen-government dialogues and increased public awareness. They ensured accountability by monitoring government actions and advocating for transparency. Challenges included limited information access, government pushback, and funding issues. Collaboration varied, with some positive partnerships and others struggling with communication. Recommendations included better access to data, increased funding, and improved collaboration with the government.

Private sector representatives saw improved business environments from transparent procurement and reduced corruption. Benefits included increased trust and more predictable business conditions. Challenges involved navigating new systems and bureaucratic hurdles. The investment climate improved with more transparency attracting investors. Recommendations included simplifying procedures, involving the private sector in policy discussions, and ensuring transparency in business-related government activities.

Citizens and beneficiaries reported mixed experiences with OGP initiatives. Some noted personal benefits, such as improved access to public services and increased government transparency. Ratings of government transparency and decision-making were generally positive, though there were calls for greater accountability. Challenges included limited awareness of OGP initiatives and the need for more effective communication from the government. Overall, citizens felt that while progress had been made, there was still room for improvement in how the government engages with and serves the public.

In sum, our findings underscore the importance of OGP initiatives in enhancing governance transparency, fostering citizen engagement, and improving the business climate in Georgia. Moving forward, addressing identified challenges and implementing stakeholder-recommended improvements will be crucial to sustaining these gains and fostering inclusive economic growth and

development through transparent and accountable governance practices.

## 7 Conclusion

The paper explores how citizens' age influences their role in policy formation. It examines Georgia's Open Government Partnership (OGP) Action Plans, highlighting key commitments, particularly in combating corruption. The impact of these initiatives on enhancing foreign investor confidence and the broader economic benefits of improved information processing are discussed. The paper provides evidence that these efforts were particularly effective in 2016-2017, contributing to a significant reduction in corruption levels and an increase in foreign direct investments.

It also was found that the commitments carried out in the 2016-2017 action plans fostered a favorable environment for attracting investments and reducing corruption. This aligns with the hypothesis that open government principles significantly influence the country's economic and political landscape.

Going forward, it is crucial for Georgia to keep prioritizing initiatives that boost transparency, accountability, and citizen participation to encourage sustainable economic growth and reinforce democratic governance.

There are numerous recommendations to help Georgia achieve economic progress, but the following types should be systematically implemented:

It is crucial to understand the role of citizens, as they are the primary stakeholders of the recommendations. Citizens are the main source of government legitimacy. Without a clear understanding of their responsibilities to the country, principles like transparency and accountability cannot be upheld. As public awareness increases, citizens will be better informed, giving them the leverage to influence decisions that are more tailored to their needs. This increased involvement in policy formation will positively impact the daily lives of all citizens.

The state needs to conduct thorough research—this recommendation primarily involves examining the practices of open government member states and analyzing the commitments outlined in their action plans, which have economically strengthened those countries.

Attention should be directed towards supporting state-led initiatives. It's crucial that state management reflects the interests of society. The state needs to provide more backing for initiatives that enhance citizen involvement, transparency, and accountability, turning these into routine and

widespread practices. This will also lead to more open processes.

The use of technologies is recommended to make information more easily accessible, particularly for those who are interested. The government should present information in a straightforward and understandable language for all parties, utilizing various technologies. Additionally, information should be actively updated.

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#### **Contribution of Individual Authors to the Creation of a Scientific Article (Ghostwriting Policy)**

Malvina Jibladze focused on the document analysis and qualitative research, particularly reviewing Georgia's OGP commitments to identify those with a direct influence on economic indicators such as GDP growth and FDI inflows. Her work included interviewing key stakeholders, such as government officials and civil society representatives in the Ajara region, to gain insights into the effectiveness of OGP initiatives.

Giga Phartenadze took the lead in the quantitative analysis, collecting and analyzing key economic data, including GDP growth rates, employment statistics, and FDI trends over the past decade.

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The authors have no conflicts of interest to declare that are relevant to the content of this article.

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