

Ministry of Education and Science of Ukraine  
National University Kyiv-Mohyla Academy  
Faculty of Social Sciences and Social Technologies  
Department of Political Science

**Master Thesis**

**Educational degree – M.A.**

**EU'S POLICY OF CONDITIONALITY AND ITS IMPACT ON  
DEMOCRATIC CONSOLIDATION IN GEORGIA AND  
UKRAINE**

Performed by: student of the 2nd year of study

052 Political Science

Liliia Hudziuk

Pr. Dr. Marharyta Chabanna

Apl. Prof. Dr. Torsten Oppelland

Master Thesis is defended with the note

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Secretary

«\_\_\_\_» \_\_\_\_\_ 2023

Kyiv 2023

## **List of Abbreviations**

- AA** — Association Agreement
- BTI** — Bertelsmann Transformation Index
- CEEC**— Central and Eastern European Countries
- DCFTA** — Deep and Comprehensive Free Trade Area
- EaP** — Eastern Partnership
- EU** — European Union
- ENP** — European Neighbourhood Policy
- GD** — Georgian Dream Party
- GOC**— Georgian Orthodox Church
- NGO** — Nongovernmental organization
- CSO** — Civil society organization

## Table of Contents

<b>Chapter 1. Introduction</b> .....	4
<b>1.1 Topic and Research Objective</b> .....	4
1.2 Literature Review.....	7
1.3 Scientific and Societal Relevance of the Paper.....	10
<b>Chapter 2. Theoretical Framework</b> .....	11
2.1 Democratic Consolidation.....	11
2.2 Europeanisation and EU's Democracy Promotion.....	13
2.3 Political Conditionality.....	15
2.4 The External Incentives Model.....	16
<b>Chapter 3. Methodology</b> .....	21
3.1 Research Design: Comparative Case Study.....	21
3.2 Case Selection.....	21
<b>Chapter 4. Democratic Consolidation in Ukraine and Georgia from 2014 till 2022</b> .....	27
4.1 Civil Society.....	27
4.2 Political Society.....	33
4.3 Rule of Law.....	38
4.4 State Apparatus.....	44
4.5 Economic Society.....	48
<b>Chapter 5. Effectiveness of EU's Conditionality in Georgia and Ukraine</b>	55
5.1 Conditions.....	55
5.2 Incentives.....	60
5.3 Credibility.....	64
5.4 Veto Players and Adoption Costs.....	70
<b>Conclusions</b> .....	76
<b>Bibliography</b> .....	82

# **Chapter 1. Introduction**

## **1.1 Topic and Research Objective**

In 2012, the European Union (EU) as a normative power (Manners 2002) and a reputable driving force behind democratization efforts in Europe after World War 2, received the Peace Nobel Prize, as it “for over six decades contributed to the advancement of peace and reconciliation, democracy and human rights in Europe” (The Nobel Prize 2012). Whereas the EU has significantly contributed to the overall peace architecture in Europe and democratic consolidation of Central and Eastern European Countries (CEEC), its record on democracy promotion in its Eastern Neighborhood has been rather mixed (Nilsson and Silander 2016; Schimmelfennig and Scholtz 2008). This checkered record raises the question of whether the EU can represent enough appeal for democratic reforms beyond its member states, especially in countries devoid of a clear membership perspective.

The EU’s democracy promotion in Georgia and Ukraine, two erstwhile Soviet republics that still struggle with a deep-rooted Soviet legacy in a bid to consolidate their fragile democracies, represents a particularly interesting case for research. By signing an Association Agreement (AA) with the EU, the two states promised to “strengthen respect for democratic principles, the rule of law and good governance, human rights and fundamental freedoms” (Article 3 EU-Georgia AA; Article 3 EU-Ukraine AA).

Eight years later, the two countries have not yet finalized the process of democratic consolidation. However, whereas Ukraine alongside Moldova upgraded its partnership with the EU by receiving a candidate status, Georgia,

which was once considered a pioneer in democratization efforts, was left behind with 12 recommendations, upon the fulfillment of it can become a candidate state (European Commission 2022 (d)). The denial of the EU candidate status is also accompanied by Georgia's recent slide in all democracy indices that the Bertelsmann Transformation Index (BTI) draws attention to in its country report on Georgia: “Georgia's international reputation as being committed to European values such as the rule of law, democracy and an independent judiciary is at risk” (Bertelsmann Stiftung 2022a).

These developments elucidate the need to look into Georgia’s and Ukraine’s progress in democratic consolidation since the signing of the AA in 2014 and analyze the reasons that can account for the EU’s decision to withhold a candidate status for Georgia. Special attention must also be paid to the EU’s role in democracy promotion in the two countries by means of conditionality and its ability to bring about democratic changes in its Eastern Neighborhood while withholding the most effective reward — a membership perspective.

Against the background of the above discussed issues, the **objective** of this paper is to compare democratic developments in Georgia and Ukraine and establish causes for a less successful democratic consolidation in Georgia compared to Ukraine in the framework of the EU’s policy of conditionality.

The **research question** of this paper was, thus, formulated as follows:

*What factors have influenced the effectiveness of the EU's policy of conditionality in promoting democratic consolidation in Georgia and Ukraine?*

**The research subject** of this paper is the democratic consolidation in Georgia and Ukraine. The **research object** is the effectiveness of the EU's policy of conditionality.

In order to answer the research question, the following **tasks** were set:

- 1) to analyze the process of democratic consolidation in Georgia and Ukraine after the signing of the AA in 2014 and the successive democratic developments till 2022;
- 2) to examine the effectiveness of the EU's political conditionality and its impact on the process of democratic consolidation and test the explanatory power of the external incentives model by F. Schimmelfennig and U.Sedelmeier.
- 3) to elucidate factors that influence the effectiveness of the EU's policy of conditionality in promoting democratic reforms in Georgia and Ukraine.

The following research rests upon the following **sources**: BTI (Bertelsmann Transformation Index) country reports on Ukraine and Georgia, secondary literature such as scientific articles, policy briefs, think tank reports; official documents of the EU and respective governments; surveys; economic data from World Trade Organization (WTO) and World Economic Forum (WEF); official governmental data.

The paper is **structured** as follows:

1. *Introduction* that provides an overview of the topic and sets the stage for research.
2. *Chapter 2* that defines a theoretical backbone of the research by laying out the concepts relevant for the planned analysis.

3. *Chapter 3* which elucidates the research method and presents an operationalized research framework.
4. *Chapter 4* dealing with key developments surrounding democratic consolidation in Georgia and Ukraine from 2014 till 2022.
5. *Chapter 5* which analyzes the EU's policy of conditionality and its effectiveness in promoting democratic consolidation in the target countries.
6. *Conclusions*
7. *Bibliography*

## **1.2 Literature Review**

The comparative analysis of EU's democracy promotion through the policy of conditionality has seen a proliferation of works devoted to the efforts of the latter to democratize its direct neighbors and accession candidates (Kelley 2004; Kubicek 2003; Schimmelfennig et al. 2006; Vachudova 2005). After the successful democratic consolidation of CEEC countries and their successive accession to the EU, numerous authors focused primarily on accession conditionality which was described as the most effective instrument of EU's democracy promotion and a crucial factor for a successful democratic consolidation in these states (Kubicek 2003; Kneuer 2007; Schimmelfennig and Sedelmeier 2005).

The inception of the EU's Neighbourhood Policy (ENP) in 2005 has also generated numerous studies on the promotion of democracy in the countries of the Eastern and Southern Neighbourhood (Gawrich et al. 2009; Kempe 2007; Pridham 2007; Schimmelfennig 2007; Schimmelfennig and Scholz 2008). The above-mentioned authors considered the EU's democracy promotion in the framework of ENP less effective, as it was devoid of a clear membership

perspective, lacked credibility, and did not presuppose punishment mechanisms for non-compliance. In his article “Europeanization beyond the Member States” Schimmelfennig (2010) argues that the EU’s conditionality has a stronger impact on its direct neighbors and candidate states rather than countries located far away from the EU’s borders.

Analyzing the EU’s conditionality in Ukraine in the framework of EU-Ukraine Action Plan (AP), Walczuk (2009) points to its limited effect on Ukraine’s transformation process and importance of ‘domestic resonance’ with the EU’s conditionality agenda that was a vital factor for successful democratization in accession countries, where the political elite became the most important ‘coalition partner’ of the EU. A significant contribution to the study of EU’s conditionality in Ukraine was made by Bulyuk and Shapovalova (2017) who identified a strong mobilizing effect of EU’s conditionality in the framework of AA that lacked attractiveness to the Yanukovych regime due to high adoption costs, but managed to empower the Ukrainian civil society against veto players standing in the way of further EU integration.

A handful of works on the impact of EU’s conditionality on democratic transformation in ENP countries was also devoted to Georgia. In particular, Bolkvadze (2016) claims that the Georgian ruling elite ‘cherry-picks’ EU’s conditionality by implementing some of the EU’s conditions to retain their domestic popularity and insure political survival in elections. A similar observation was made by Lebanidze (2018) who criticized the EU for not always being consistent in applying conditionality which allowed the ruling elite in Georgia to generally respect democratic governance while at times resorting to undemocratic practices. Analyzing the EU’s impact on the Georgian democratization process in the framework of ENP, Rinnert (2011) criticized the



lack of differentiation in dealing with all six ENP countries and poor security promotion which made Georgia less willing to comply with EU's conditionality. Nilsson and Silander (2016, 56) also believed that the EU failed to implement its "Kantian vision of security through democracy".

In their revisited article on the external incentives model, developed by the authors for analyzing the EU's external governance, Schimmelfennig and Sedelmeier (2019) consider strong credibility of EU's incentives as the most crucial condition for compliance. Furthermore, they for the first time referred to an auspicious geopolitical and domestic environment as a key prerequisite for the effectiveness of EU's conditionality on democratic consolidation that was overlooked in their previous work (2005). With respect to the AA, Ghia et al. (2017) argue that the European dimension has been an important factor in democratization efforts in the signatory countries while referring to the lack of incentives offered by the EU to further encourage democratization after granting visa-free regimes and concluding the AA with the respective countries.

While the literature on EU's conditionality and its impact on democratic consolidation abounds in works on the successful democratic consolidation in CEEC, candidate states and in the framework of ENP, only scant attention was paid to the impact of EU's policy of conditionality on democratic consolidation in Georgia and Ukraine after the signing of the AA in 2014. This comparative case study seems expedient, as the two countries displayed a similar democratic performance in 2014 with Georgian democracy indices slowly deteriorating in the years that followed. Against this backdrop, this paper seeks to analyze the process of democratic consolidation in Georgia and Ukraine to identify stumbling blocks that led to Georgia's slip in all democracy indices and the role

that the EU played by virtue of its policy of conditionality in the process of democratic consolidation in the target countries.

### **1.3 Scientific and Societal Relevance of the Paper**

The following paper represents a considerable scientific value to the ongoing debate on the effectiveness of the EU's policy of conditionality in the framework of AAs and its impact on democratic consolidation in Georgia and Ukraine. Whereas the EU's policy of conditionality generated a great deal of research on its effectiveness during the accession process of CEEC and its potential in ENP countries, the EU's conditionality in the context of AAs and its impact on democratic consolidation in the target countries remains an underresearched area. The paper is especially relevant against the background of the EU's denial to grant a candidate status to Georgia and its burgeoning process of democratic backsliding, as it aims to account for these developments and identify the role that the EU plays as a value-based supranational organization attempting to strengthen democracy in its neighborhood.

The societal relevance of the paper is illustrated by its contribution to a better understanding of the deficits of democratic consolidation in Ukraine and Georgia as EU aspirants that can only join the European project after finalizing their democratic consolidation. Apart from that, the following research identifies weaknesses of the EU's policy of conditionality in pursuing democratic consolidation in ENP countries and provides impetus for its improvement in other countries that aim to sign an AA with the EU.

## **Chapter 2. Theoretical Framework**

### **2.1 Democratic Consolidation**

The concept of democratic consolidation gained currency after the emergence of the 'Third Wave' of democratization formulated by Samuel P. Huntington (1991), after a number of authoritarian states began their path towards democratization. Democratic consolidation is seen as the last phase of the transition from an authoritarian to a democratic regime which is accompanied by the process of gradual liberalization in which the authoritarian regime opens up and introduces some democratic institutions and procedures. The process of democratic consolidation usually sets in with the adoption of a democratic constitution and takes place till the state actors internalize democratic rules and act in accordance with them (Merkel 2008).

The concept of democratic consolidation remains contested to this day. Thus, there is no universal definition of democratic consolidation. A minimalist concept was formulated by Adam Przeworski:

“Democracy is consolidated when under given political and economic conditions a particular system of institutions becomes the only game in town, when no one can imagine acting outside the democratic institutions, when all the losers want to do is to try again within the same institutions under which they have lost” (Przeworski 1991, 26).

The definition developed by Przeworski centers around two key attributes of democracy: attitude and behavior. However, it disregards such dimensions as civil society, economic development, and institutions.

A more nuanced and elaborate definition of democratic consolidation was given by Linz and Stepan (1996, 5) who also believed that democracy can only be considered ‘consolidated’ if it becomes the “only game in town”. Their conception of democratic consolidation encompassed three dimensions, such as behavior, attitude and constitution occurring in five arenas: *civil society, political society, rule of law, state apparatus, and economic society*.

At the behavioral level, democracy is considered consolidated if there is no notable political actor who aims to install a non-democratic regime or recourses to violence or foreign intervention to break away from the state. At the attitude-related level, this process is accompanied by the belief that democratic practices and institutions are the most suitable form of governance while the support for antidemocratic alternatives is non-existent or marginal. Constitutionally, the process of democratic consolidation is considered completed when those in power “[...]become subjected to, and habituated to, the resolution of conflict within the specific law, procedures and institutions sanctioned by the new democratic process” (Linz and Stepan 1996, 6).

The belief that democracy must be accepted as the best form of government is also shared by Diamond (1997, 65-66) who argued that democratic consolidation inevitably requires a “shift in political culture” on the part of political elites, organizations and the mass public who come to realize that their chosen democratic path is “worth obeying and defending”. A huge prominence to political culture as a cornerstone of democratic consolidation was also given by Wolfgang Merkel (2007, 416-417) in his multilevel model of democratic consolidation consisting of constitutional, representative, behavioral levels and consolidation of political culture. He argued that the constitutional level becomes consolidated the earliest, whereas the consolidation of political culture

takes the longest. A consolidated political culture gives impulses to other levels of democratic consolidation if their stability or integrity is endangered. However, only when all four levels are consolidated can one speak of a “crisis-proof” democracy.

Since this case study aims to analyze the impact of the EU’s policy of conditionality on the democratic consolidation in Georgia and Ukraine in the framework of AA, we decided to opt for the model of democratic consolidation developed by Linz and Stepan (1996) rather the multilevel model of democratic consolidation by Merkel (2007) which does not include the economic dimension of democratic consolidation.

## **2.2 Europeanisation and EU’s Democracy Promotion**

The concept of Europeanization has long been deemed contested, as during the inception process of the EU most researchers were rather concerned with institution-building and integration at the European level, rather than with the effects of European integration on the domestic politics of EU member states (Buller and Gamble 2002, 9). For this reason, there are two different ways of looking at the concept of Europeanization. The first approach, defined by Cowles et. al (2001, 3), looks into the “development at the European level of distinct structures of governance” that organize interactions between different actors and lay out authoritative European rules. The second approach focuses on the effects of the EU’s policies beyond its borders and is defined as “exporting forms of political organization and governance that are typical and distinct for Europe beyond the European territory” (Olsen 2002, 925).

According to Börzel and Risse (2003, 154), Europeanization occurs due to some kind of ‘misfit’ or ‘incompatibility’ between policies, institutions, and processes

at the European level and those at the national level. This ‘misfit’ gives rise to adaptational pressure that results in the alignment, “Europeanization” of domestic norms and policies with those of the EU.

Aiming to bring some clarity into the contested nature of the concept under question, Buller and Gamble (2002, 17) put forward their alternative definition of “Europeanization”, having defined it as a “situation where distinct modes of European governance have transformed aspects of domestic politics”. They viewed Europeanization not as a process, but as a situation, arguing that its occurrence is by no means inevitable, as its “[...]contingent nature will in part reflect the uncertain outcome of new kinds of social interaction which generate pressure for this phenomenon to emerge”.

Whereas most of the early research on Europeanization was concerned with the effects of EU’s policies on domestic policies of member states, the enlargement process in CEEC provided new empirical evidence on how the EU can “Europeanize” its neighbors.

Gawrich et al. (2009) identify three dimensions of Europeanization:

- a) **Membership Europeanization**, which describes the influence that the EU exerts on the policies of EU member states.
- b) **Enlargement Europeanization**, which is applicable to accession and candidate countries that possess a clear membership perspective.
- c) **Neighbourhood Europeanization**, which stands for the impact that the EU has on its neighboring countries that are devoid of a clear membership perspective.

Following the successful democratic transformation in CEEC and their subsequent accession to the EU, a number of researchers agreed that the Enlargement Europeanization was one of the most effective foreign policies of

the EU that significantly contributed to economic stabilization and democratic consolidation of the above-mentioned countries (Schimmelfennig and Scholz 2010, 443-444; Kneuer 2007). The success of this policy was attributed to the use of political conditionality which offered considerable incentives to CEEC states in exchange for democratic reforms.

### **2.3 Political Conditionality**

Political conditionality as a concept emerged from the studies of International Relations and served as an explanatory approach to describe relations between states and international organizations. Political conditionality envisages the following mechanism: if the government of the recipient country meets certain standards and the conditions set in advance by the donor country, it receives specific rewards (Stokke 1995, 12). Initially, the concept of conditionality was used to encourage first economic reforms (e.g. market liberalization) and then increasingly also political reforms (20).

Koch (2015, 99) defines conditionality as an incentive instrument that regulates the relationship between two actors in which one actor seeks to change the behavior of the other by laying out conditions and manipulating its cost–benefit calculation by means of positive and negative incentives. Political conditionality aims to induce changes in the behavior of the target state in terms of its democratic development and human rights.

In the context of the EU, political conditionality was employed in order to foster democracy, human rights, and good governance. As one of the instruments of Europeanization, it was introduced at the end of the 1980s and in the early 1990s, when the EU anchored conditionality in European Agreements and the Copenhagen Criteria (Litra 2011). The EU tries to change the behavior of target

states by setting the adoption of democratic rules and procedures as conditions that the target countries must adopt in order to receive rewards such as financial assistance, an advanced form of cooperation or even membership (Schimmelfennig and Scholtz 2010, 445). The EU's conditionality is predominantly positive, which means that the EU rewards target states in case of compliance and withholds rewards if they fail to comply with EU conditions. In order to explain what influences the effectiveness of EU's conditionality, Schimmelfennig and Sedelmeier (2004) developed an explanatory approach called 'external incentives model' which will be elucidated in the next subchapter.

#### **2.4 The External Incentives Model**

The external incentives model was developed by Schimmelfennig and Sedelmeier (2004) in their study on the conditions of effective conditionality in CEEC that resulted in a successful rule transfer in those countries. Whereas initially the model was applied to CEEC during their accession process, the model was then extended to the countries that belong to ENP, notably Ukraine (Bulyuk and Shapovalova 2017).

The external incentives model rests upon the rational-choice principle which stipulates that target states seeking to maximize their power and gains engage in a bargaining process where they "exchange information, threats, and promises". Under such a constellation, the EU lays out rules as conditions that target states have to fulfill in order to obtain rewards promised by the EU.

The EU in its turn employs the strategy of 'reinforcement by reward' in order to incentivize target states to fulfill the set conditions. This strategy presupposes that the EU provides rewards to the target government if it meets the set



conditions and withholds them in case of non-compliance. The EU can also alter the cost-benefit assessment and in this way influence the behavior of the target state by adding extra costs ('reinforcement by punishment') or providing extra benefits ('reinforcement by support') (Schimmelfennig and Schimmelfennig 2004, 671).

Since complying with the conditions laid out by the EU requires the states to introduce changes to the domestic status quo which goes hand in hand with significant costs for the government in power, the underlying proposition of the external incentive model goes as follows: *a state introduces EU rules if the benefits of EU rewards outweigh the domestic adoption costs* (Schimmelfennig and Sedelmeier 2004, 672). The likelihood of rule adoption hinges upon four variables: (i) the determinacy of conditions, (ii) the size and speed of rewards, (iii) the credibility of threats and promises, and (iv) the size of adoption costs.

#### *Determinacy of conditions*

In order for conditionality to work efficiently, the EU must clearly communicate and set its conditions in exchange for rewards. The determinacy of conditions is crucial for the fulfillment of conditionality, as it enhances the likelihood of rule adoption. Apart from that, determinacy has a twofold effect. For the target government, it serves as a roadmap of actions it must undertake to receive rewards. At the same time, it boosts the credibility of conditionality which cannot be misinterpreted by the target government to evade fulfilling conditions or on the part of the EU, as it will not be able to withhold the reward by referring to non-fulfillment of conditions if they were communicated clearly (Schimmelfennig and Sedelmeier 2004, 672).

### *Size and speed of adoption*

Another variable that conduces to conditionality is the size and speed of rewards. Since compliance with the EU's conditionality goes hand in hand with substantial domestic power costs for the target government, the incentives offered by the EU must exceed domestic power losses. Accordingly, only the highest reward — membership in the EU — can balance the calculation of power costs (Schimmelfennig and Scholtz 2008, 191). Apart from that, the delivery of rewards must be swift, as rule adoption increases depending on how quickly the EU can deliver promised incentives to the target state (Schimmelfennig and Sedelmeier 2004, 673).

### *Credibility of conditionality*

Credibility describes both the likelihood of the EU's threat to withhold the reward if the target government did not comply with conditions and the likelihood of the EU's promise to deliver rewards once the set conditions are satisfied. Credibility depends on two aspects: EU's potential benefits from the target state and the number of alternatives the state has. Credibility of the EU's threats increases the less benefits the EU can draw from the target state and the fewer alternatives the state has at its disposal (Schimmelfennig and Sedelmeier 2019, 818 ).

At the same time, the EU must possess enough capabilities to pay the rewards. High costs of reward payment to the EU make conditionality less credible and the eventual delivery of incentives doubtful. For credibility to work, it must be consistent and coherent. The EU must reward compliance and avoid any internal divisions about applying conditionality, as it can demotivate a target state to fulfill conditions and eventually weaken credibility. Another important factor that affects credibility is cross-conditionality — availability of other

actors that offer similar rewards at lower adoption costs. The target state will comply with conditionality, if the EU offers the most attractive rewards and conditions and if the state under question cannot recourse to other options (Schimmelfennig and Sedelmeier 2004, 673-674).

### *Veto players and adoption costs*

Whereas the effectiveness of the first three conditions hinges solely on the EU and how it designs and employs conditionality, the last condition refers to the domestic situation in a target country, more specifically to the costs that implementing conditionality would inflict on domestic players (Schimmelfennig and Sedelmeier 2019, 818 ). Adoption costs may take miscellaneous forms: opportunity losses from alternative players who offer rewards distinct from those of the EU's or power and welfare losses for domestic actors. For this reason, adoption costs must be balanced by the attractiveness of EU's incentives becoming net benefits for domestic actors (Schimmelfennig and Sedelmeier 2004, 674). Reviewing EU's political conditionality and democracy promotion, Schimmelfennig and Scholtz (2010, 445) argue that adopting conditions for less democratic countries is highly costly and that the EU must redeem for high adoption costs by offering substantial incentives in the form of military and financial assistance that would enhance the security architecture and welfare of the target state.

However, since the eventual adoption of EU's rules is initiated by the government, the effectiveness of conditionality depends on the preferences of the government and other veto players "whose agreement is necessary for a change in the status quo" (Schimmelfennig and Sedelmeier 2004, 674). Thus, adoption costs will increase with the number of negatively affected veto players. In their revisited article on the external incentive model, Schimmelfennig and

Sedelmeier (2019, 819) also assign a great importance to the civil society, electorate, opposition parties, and state institutions who can exert pressure on the government in power to adopt EU conditions, if they are popular with these groups.

## **Chapter 3. Methodology**

### **3.1 Research Design: Comparative Case Study**

The following paper is designed as a comparative case study which aims to compare the impact of the EU's policy of conditionality on democratic consolidation in Ukraine and Georgia. Case study is conceptualized as an "empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Jin 2009, 18). According to Jin (2009, 13), a case study represents a desirable method when the following three conditions are met:

1. A study is based on a "how" or "why" question.
2. Present-day events are analyzed.
3. The researcher has no control over these events.

The following research project fulfills the described criteria according to Yin and underpins the selection of the case study as the most suitable research design to answer the research question. As the paper describes two cases, this case study follows a comparative logic. Comparative case studies are employed to generate "causal inference" and provide new insights into previously unknown phenomena (Rohlfing 2012, 134). The case selection is based on the Most Similar Systems Design (MSSD) which is based on Mill's "method of difference" (1843) and aims to compare two closely related cases that display variations on a specific outcome or a dependent variable (Anckar 2008).

### **3.2 Case Selection**

Following the logic of the Most Similar Systems Design (MSSD), the selected cases for research — Georgia and Ukraine — share a number of similarities, but diverge in one dependable variable that requires a closer examination to grasp

its causality. Both Georgia and Ukraine are post-Soviet states that have not finalized the process of democratic consolidation and are defined by the BTI as *'defective democracies'* (Bertelsmann Stiftung 2022). Moreover, both countries underwent revolutions in practically the same timeframe (the Rose Revolution 2003 in Georgia and the Orange Revolution 2004 in Ukraine) that marked their departure from the Soviet-inspired leadership and “culminated with two power elites who envisioned the future of their respective countries in the EU and NATO” (Matsaberidze 2015, 80-81).

In the years that followed, Ukraine and Georgia were accepted in the newly launched dimension of the EU's Neighbourhood Policy (ENP) called Eastern Partnership (EaP) and signed AAs with the European Union in 2014. Whereas Ukraine improved its democratic performance in the arena of political transformation from 6,10 in 2014 to 6,80 in 2022 and its economic transformation from 5,68 in 2014 compared to 6,71 in 2022, Georgia has slid in the index of political transformation from 6,50 in 2014 to 6,10 in 2022 whereas its economic transformation remained almost unaltered (5,82 in 2014 compared to 5,89 in 2022) (Bertelsmann Stiftung 2014(a); Bertelsmann Stiftung 2014(b); Bertelsmann Stiftung 2022(a); Bertelsmann Stiftung 2022(b)). Moreover, while Ukraine alongside Moldova was granted a candidate status in 2022, the EU withheld this upgraded cooperation status to Georgia pointing to an “an urgent need to address this political polarization and enhance democratic oversight” (European Commission 2022d). Accordingly, the following comparative case study aims to analyze democratic consolidation in the selected countries to establish causality that can account for revealed differences in the democratic development of Georgia and Ukraine and the effectiveness of the EU's policy of conditionality.

### 3.3 Operationalisation

In order to explain differences in the democratic consolidation in Ukraine and Georgia and set the stage for the analysis of the effectiveness of the EU's policy of conditionality, it is essential to examine the developments of democratic consolidation in the target countries from 2014 till 2022 and identify areas that exhibit differences. For this cause, we will make use of the model of democratic consolidation developed by Linz and Stepan (1996).

The dependent variable democratic consolidation will be measured by five independent variables that represent five arenas of a consolidated democracy, as described by the above-mentioned authors. These are *civil society*, *political society*, *rule of law*, *state apparatus*, and *economic society*. The independent variables will be measured by selected indices from the Bertelsmann Transformation Index from 2014 and 2022 which are operationalized in Table 1.

Accordingly, we will analyze each arena of democratic consolidation in Georgia and Ukraine by means of qualitative data which then will be underpinned by quantitative findings from BTI indices. Although there is a plethora of other ratings that measure democratic performance of states, this paper relies on the data from the Bertelsmann Transformation Index, as it focuses on transition countries and “provides the most reliable, transparent, and differentiated data”, according to Merkel (2008, 15).

After analyzing and comparing the democratic consolidation in Ukraine and Georgia, we will move on to examining the effectiveness of the EU's policy of conditionality and its impact on the process of consolidation. Our analysis will be based on the external incentives model established by Schimmelfennig and Sedelmeier (2004). For the purpose of operationalization, we identify the EU's

conditionality as a dependent variable that will be measured upon four independent variables, such as *determinacy of conditions, size and speed of incentives, credibility of conditionality as well as veto players and adoption costs.*

**Table 1: Five arenas of democratic consolidation based on Linz and Stepan (1996), own illustration.**

Variable	Explanation	Measurement BTI Indices (0-10)
Civil Society	Freedom of association and communication Presence of independent groups that freely articulate their interests and values	<ol style="list-style-type: none"> <li>1. Association / assembly rights</li> <li>2. Interest Groups</li> <li>3. Social Capital</li> <li>4. Civil Society Traditions</li> <li>5. Civil Society Participation</li> <li>6. Freedom of Expression</li> </ol>
Political Society	Free and inclusive election campaign Political parties Electoral system	<ol style="list-style-type: none"> <li>1. Free and fair elections</li> <li>2. Party System</li> <li>3. Effective Power to Govern</li> <li>4. Performance of Democratic Institutions</li> <li>5. Commitment to democratic institutions</li> </ol>
Rule of Law	Constitutional government Independent justice system Legal culture	<ol style="list-style-type: none"> <li>1. Separation of powers</li> <li>2. Independent judiciary</li> <li>3. Prosecution of office abuse</li> </ol>



		4. Civil rights
State apparatus	Functioning bureaucracy that carries out tasks of the democratically elected state apparatus and performs basic police, tax and administrative functions	<ol style="list-style-type: none"> <li>1. Basic Administration</li> <li>2. Policy Coordination</li> <li>3. Efficient Use of Assets</li> </ol>
Economic Society	Recognized norms and institutions that mediate between the state and the market	<ol style="list-style-type: none"> <li>1. Market Organisation</li> <li>2. Competition Policy</li> <li>3. Property Rights</li> <li>4. Private Enterprise</li> <li>5. Equal Opportunity</li> <li>6. Banking System</li> <li>7. Social Safety Nets</li> <li>8. Output Strength</li> </ol>

**Table 2: External Incentives Model by Schimmelfennig and Sedelmeier (2004), own illustration.**

Variable	Explanation	Effective	Ineffective
Conditions	The effectiveness of rule transfer increases if rules are set as conditions for rewards and the more determinate they are	Clear determinacy	Vague determinacy
Incentives	The effectiveness of rule transfer increases with the size and speed of rewards	EU membership	Distant membership perspective
Credibility	The likelihood of rule adoption increases with the credibility of conditional threats and promises	Credible promise/ withdrawal of incentives critical to regime	Non-credible threats or promises

		survival	
Costs	The likelihood of rule adoption decreases with the number of veto players incurring net adoption costs (opportunity costs, welfare and power losses) from compliance	Power preservation	Threat to regime

## **Chapter 4. Democratic Consolidation in Ukraine and Georgia from 2014 till 2022**

### **4.1 Civil Society**

The Revolution of Dignity 2014 marked a sea change in the revitalization and ensuing consolidation of the Ukrainian civil society. Whereas the Orange Revolution was associated with hopes placed in a new political leadership that was expected to be more accommodative towards the need of the people, the disillusionment that came after the revolution and the Maidan protests ushered in a transformation of the Ukrainian civil society and a realization that a moral incentive for change rests with the individual (Kordan 2016, 144-145). According to Way (2014, 35), the Revolution of Dignity demonstrated that “the Orange Revolution was not a one-time fairy tale, but a feature of Ukraine. Civil society exists”.

Zarembo (2022, 55) argues that Ukraine’s post-2014 civil society influence has two dimensions: formal and informal civic activism. Formal activism is represented by professional nongovernmental organizations (NGOs) and civil society organizations (CSOs) that perform watchdog and advocacy functions. At the same time, due to Russia’s war against Ukraine since 2014, Ukraine has witnessed a wave of informal activism in the form of volunteering. According to Olszański (2016), the volunteer activism during the war which stepped forward to organize supplies, aid and logistics for Ukrainian soldiers after Russia’s military aggression in Eastern Ukraine, gained valuable experience of taking individual responsibility for tasks and challenges that were beyond the radar of the Ukrainian government. In this way, it contributed to ‘sewing together’ of the war-ridden nation. Accordingly, these circumstances bred a phenomenon that

Zaremba and Martin (2022) described as a “dormant civil society”— a powerful societal mobilization that manifests itself at the most pressing times.

The Revolution of Dignity gave an important impetus to the consolidation of the Ukrainian civil society and laid bare the need to no longer treat politics and civil society as opposing poles. It is notable that almost 30 journalists and activists who were active during the Euromaidan revolution ran for parliament elections to the Verkhovna Rada in 2014, especially against the background of massive mistrust that the Ukrainian civil society harbored towards the political system (Worschech 2022, 514). At the same time, while the Ukrainian civil society has become more interconnected and pluralistic, it largely failed to exert a more substantial influence on the political decision-making process and establish a democratic party derived from the civil society. Worschech (2020) summarized the essence of the Ukrainian civil society in the formula “Strong moments, weak movements”.

Following the signing of the AA with the EU, the Ukrainian civil society started to play a decisive role in driving forward the EU integration and setting reform incentives for the Ukrainian government. This can be best exemplified by the group consisting of representatives of Ukrainian civil society, experts, journalists and academics that in 2014 launched the so-called 'Reanimation Package of Reforms' with the aim of promoting and overseeing political reforms in Ukraine. Since its inception, this group of 80 NGOs and 300 experts has, in cooperation with the EU, submitted concrete proposals for legislative initiatives and reform projects in key areas and has been actively involved in setting the EU agenda on Ukraine (Giuashvili 2022, 13).

Whereas the Revolution of Dignity and the war in Eastern Ukraine had a revitalizing effect on the consolidation and cohesiveness of the Ukrainian civil society, the development of the Georgian civil society had shown fewer promising signs. This is also evidenced by the performance of the Georgian civil society as measured by BTI indices (Table 3).

**Table 3. Consolidation of civil society in Georgia and Ukraine**

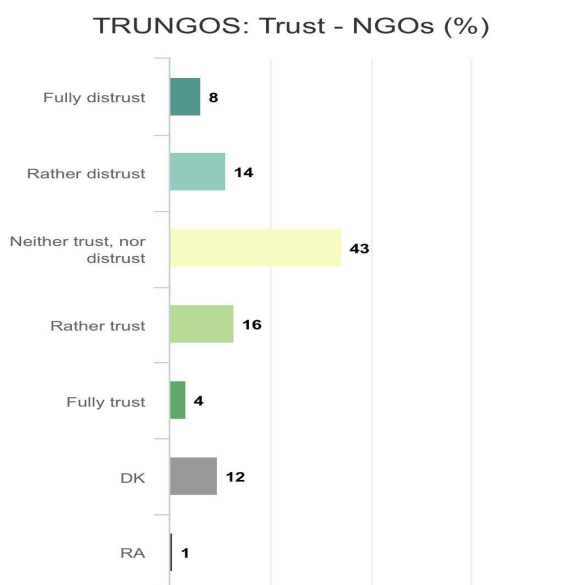
BTI Index	Georgia 2014	Ukraine 2014	Georgia 2022	Ukraine 2022
<b>Association/ assembly rights</b>	8	6	8	9
<b>Interest groups</b>	4	5	5	6
<b>Social capital</b>	4	6	4	8
<b>Civil society traditions</b>	7	5	6	4
<b>Civil Society Participation</b>	6	4	6	7
<b>Freedom of Expression</b>	7	6	8	7
<b>Total</b>	36	32	37	41

*Source: Bertelsmann Stiftung 2014; Bertelsmann Stiftung 2022.*

Before the Rose Revolution in 2003 and the decentralization reforms implemented by Saakashvili's government, the Georgian civil society organized

itself in informal ways when dealing with state bureaucracy, the educational sector, healthcare, etc. However, their need decreased in the years that followed. Chikhladze and Aliyev (2019) argue that social and societal bonds in Georgia are strong within tightly-knit communities. At the same time, they are weakly institutionalized and formalized. CSOs and NGOs are viewed as elitist associations and enjoy a low level of trust among Georgians. Notably, only 24% of Georgians expressed their trust in NGOs in 2021 (Figure 1). In Ukraine, NGOs enjoy a better image and were trusted by 39% of citizens in 2020. What is more, volunteers who help the army enjoy the highest trust (74%) among Ukrainian citizens, followed by volunteers who help Internally Displaced Persons (IDPs) with 66% of public trust (Figure 2).

**Figure 1. Trust in NGOs in Georgia**



*Source: Caucasus Barometer 2021 Georgia*

URL: <https://caucasusbarometer.org/en/cb2021ge/TRUNGOS/>.

Reisner (2018, 252) explains the low trust of the Georgian public in NGOs and CSOs with the disconnectedness of their activities with the broader population. Due to their ‘donor-driven’ financial nature through international grants and a low visibility among ordinary citizens, they do not represent broad swaths of Georgian society and often pursue agenda that fails to elicit resonance among the broader public. What is more, Georgian NGOs and CSOs tend to concentrate in large cities and have a very limited impact on life in rural areas. The EU with its support programs like “European Neighbourhood Programme for Agriculture and Rural Development” (ENPARD) fosters the development of civil organizations in rural areas by providing successful examples of self-organization and collaboration in villages, even if their impact has so far been evaluated as limited.

**Figure 2. Dynamics of the level of trust in social institutions, 2017-2020**



Source: Kyiv International Institute of Sociology

URL: <https://kiis.com.ua/?lang=eng&cat=reports&id=1005>.

Another important player in the civil society landscape of Georgia is the Georgian Orthodox Church (GOC) which enjoys a high trust among the

Georgian society not challenged by other religious organizations and occupies a privileged constitutional status (Nodia et al. 2017, 25). As pointed out by Reisner (2018, 255), the broader Georgian society with limited resources and experience in democratic participation turns to GOC for orientation which represents the strongest civil society organization in Georgia (Bertelsmann Stiftung 2022a).

In recent years, GOC has become an even more assertive public actor. Its influential role on the mobilization of the conservative part of Georgian society became especially evident when GOC condemned the organization of Pride Week in Tbilisi 2021 and called on people to turn out for a “peaceful protest” which culminated in violence against over 50 journalists covering the events, counterprotests of the pro-European and liberal Georgian civil society and governmental crisis. According to Schiffers (2021), several reasons can account for the crisis and increasing attacks on the representatives of civil society: ingrained homophobia incited by GOC, political instability, an increasingly illiberal and anti-Western views of some members of the Georgian Dream (GD) party, and the weakening of the EU as a liberal power.

Despite a weakened position of the EU as a powerful liberal force for the broader Georgian population and representatives of the GD party, its cooperation with the active part of the Georgian civil society has increased since the signing of the AA. In particular, the “Georgian National Platform” — a union of Georgian non-profit civil society organizations imbedded in the multilateral EU-funded “Civil Society Forum” — acts as a consultative and advocacy partner for the EU in the framework of ENP and monitors the implementation of the AA by the Georgian government (Reisner 2018, 258).



Summarizing the process of civil society consolidation in Georgia and Ukraine, it must be highlighted that the Revolution of Dignity and the signing of the AA galvanized the Ukrainian civil society and expanded the scope of its activities in the reform process and interactions with the Ukrainian government at both national and local levels. Additionally, a number of CSO members and activists joined governmental structures and local councils which proves an increasingly assertive role of the Ukrainian civil society in both political and social life of the country (Bertelsmann Stiftung 2022b). The consolidation of the Georgian civil society has been less successful due to low public trust towards NGOs and CSOs and their disconnectedness with the broader public (Bertelsmann Stiftung 2022a). As a result, its influence as a generator of political society and ideas, envisaged by Linz and Stepan (1996, 14) has been less prominent. The described above findings are also backed by the BTI indices operationalized in this paper to measure the consolidation of civil society in the target countries (Table 3).

## **4.2 Political Society**

Political society, as defined by Linz and Stepan (1996, 8), is an arena in which the polity uses contestation to exercise control over public power and the state apparatus. The consolidation of democratic society requires ‘institutional routinization’ and habituation to democratic norms and procedures (10). Whereas both Georgia and Ukraine have all the facets of political society, its institutionalization and functioning are marred by deficits.

One of the most pressing impediments for the consolidation of this arena is a weak and poorly institutionalized party system. Both in Georgia and Ukraine, political parties are oftentimes personalized, that is, mobilized around prominent public figures, rather than established ideologies or political programs. Another

problematic feature of the party system in both countries is “oligarchization of the political process”. While less pronounced in Georgia, where the ruling GD party was created and is believed to be financed to this day by the wealthiest person in the country, Bidzina Ivanishvili, this problem is particularly on display in Ukraine, where building influential political parties without support from oligarchs is hardly conceivable (Nodia et al. 2017, 15-16). This trend demonstrates that the citizens in both countries lack effective means and cohesion to establish and promote independent political forces and that party politics still to some extent reflects the arena of wealthy individuals who directly or indirectly engage in politics to promote their interests.

In Georgia, there is also a tendency to establish ‘parties of power’ centered around party leaders that usually hold constitutional majorities and control all spheres of state governance. The same fate befell the GD Party, created a few months before the parliamentary elections in 2012 and composed of ideologically diverse members (Way 2022, 149). While these elections marked the first democratic change of power in Georgia’s history, GD soon began to accumulate increasingly more power and has maintained a constitutional majority in the parliament since 2016. As a result, the hope that the Georgian party system would take a more pluralistic development did not come to pass (Bertelsmann Stiftung 2022a).

Georgia’s effective power to govern is additionally weakened by a number of governmental crises that beset the country since 2013. Notably, since GD power takeover in 2012, Georgia has changed five prime ministers. The simmering political crisis in Georgia escalated in 2019 when the Russian MP Sergei Gavrillov visited the Georgian Parliament. This move triggered large protests dispersed by the police which gave rise to more protests and calls for the prime

minister to resign. Another wave of protests erupted over amendments to the Georgian electoral system, when the opposition was pushing for a completely proportional electoral system which was partially introduced for the parliamentary elections in October 2020 (Panchulidze and Youngs, 2021).

The long-simmering crisis came to a head when major opposition parties refused to recognize the election results and called on people to protest. The tension intensified after the government's decision to arrest the UNM's leader, Nika Melia, prompting the resignation of prime minister Giorgi Gakharia who disagreed with the decision. This shows that the GD party is divided over the regime's "authoritarian trajectory" (Way 2022, 150).

While the crisis was soon resolved thanks to EU's mediation efforts, these tensions highlight the lack of consensus between the ruling Georgian DP and opposition which paralyzes Georgia's power to govern, disposes the fragility of its democratic institutions and negatively affects institutionalization of its party system. In its Opinion on Georgia's Application for Membership in the EU, the European Commission also identifies the need to "tackle [...] polarisation and to forge a cross-party consensus on crucial reforms [...] in the electoral and judicial fields" (European Commission 2022d).

While party politics in Georgia is distinguished by polarization and contestation between two major political blocks, its development in Ukraine has seen new and old political parties leaving, entering and re-entering the political scene. The parliamentary elections in 2014 marked an overhaul of the Ukrainian party system — unique even to its notoriously volatile nature. Out of the six parties that gained seats in the newly elected Ukrainian parliament in 2014, only one — 'Fatherland' headed by Yulia Tymoshenko—was registered in the parliamentary

elections in 2012. This radical change in the party landscape also had a positive feature — more assertive appearance of the Ukrainian civil society representatives in the parliament. As a matter of fact, more than half of the deputies (56%, 236 out of 422) elected in 2014 had never been elected to the national parliament (Fedorenko et al. 2016, 618).

While still beset with deficits, the political system established under Poroshenko's administration managed to score some democratic success, not least due to Ukraine's fragile international standing and dependence on Western support which became a significant pressure factor in further democratization efforts and reforms (Way 2022, 143). At the same time, the major problems of the Ukrainian party system — underinstitutionalization, low political accountability, corruption, transparency, lack of ideological orientations and short-livedness of most political parties — remain largely unaddressed (Fedorenko et al. 2016, 618-620).

The super-electoral year 2019 overhauled Ukraine's party landscape once again. The disappointment that ensued from non-fulfillment of promises on the part of the previous political administration marked “palpable interest on the part of the citizenry in new parties, as people have started losing trust in the current ones” (Odarchenko 2020). This apparent trust loss prompted Ukrainian politicians to create new parties or rename the old ones. This led to the 73% landslide win of an absolute political novice, Volodymyr Zelenskyi, who, according to Pisano (2022, 7), “moved Ukrainian electoral politics off the stage” and “took theater out of Ukrainian electoral politics” by rejecting the use of patronage networks and forgoing staged imitations of popular support. Riding the wave of his success, Zelenskyi soon gained control over the legislative and executive branches of power with an unprecedented single-party majority in the Ukrainian

Parliament. But because his party represents a loose gathering of politicians with often opposing interests, it impaired the effective work of the parliament and government alike causing the reshuffling of the latter (Bertelsmann Stiftung 2022b).

The right to elect is guaranteed in both countries. All elections held in Ukraine since 2014 were generally recognized as free and competitive by international observers. At the same time, OSCE Office for Democratic Institutions and Human Rights (ODIHR) decried cases of vote-buying, misuse of incumbency, resort to legislative loopholes and diminished opportunities for contestants (Organization for Cooperation and Security in Europe 2019). In 2020, Ukraine also introduced a new Electoral Code that established an open-list proportional representation system. The new electoral system was tested in 2020 during local elections.

A similar development is observable in Georgia, where recent elections staged in 2020 were criticized for pressure on voters and blurring of the line between the ruling party and the state, misuse of state resources as well as the procedure on granting and conducting recounts (Organization for Cooperation and Security in Europe 2020). Georgia also introduced amendments to its electoral system, having conducted its recent elections a mixed system and promising to full transition to a proportional vote in the next elections scheduled for 2024.

Summarizing the developments discussed above, it is evident that the performance of Ukraine's and Georgia's political society still demonstrates deficits, especially in the area of party system consolidation that remained largely unchanged since 2014 (Table 4). Comparing the scores of both countries in this arena, we can see that Ukraine, which fell behind Georgia in 2014 by 6

points, slightly improved its record. At the same time, Georgia slid by six points since 2014. The deteriorating performance in this arena can be attributed to the recent political crises, low level of consensus and lack of willingness to compromise on the part of the country's ruling party and opposition.

**Table 4. Political society consolidation**

BTI Index	Georgia 2014	Ukraine 2014	Georgia 2022	Ukraine 2022
Free and fair elections	8	6	7	8
Party system	5	4	4	4
Effective Power to Govern	9	6	7	6
Performance of democratic institutions	6	6	5	7
Commitment to democratic institutions	8	6	7	8
Total	36	27	30	33

*Source: Bertelsmann Stiftung 2014; Bertelsmann Stiftung 2022.*

### **3.3 Rule of Law**

The Revolution of Dignity became a turning point in Ukraine's efforts to enact wide-ranging reforms in the arena of rule of law. The unfulfilled hopes of the Orange Revolution, the magnitude of corruption and lawlessness under Yanukovich' presidency as well as politicization and misuse of the judicial system following the Euromaidan protests planted the idea in the minds of the

Ukrainian civil society that reforms in the judiciary and fight against corruption must begin in earnest.

The EU's and IMF's financial and political conditionality served as an important impetus for Ukraine to initiate reforms of its judiciary and enact a number of anti-corruption reforms, even though their impact is not perceptible. The reason for this low effectiveness lies in the EU's approach to promoting rule of law in non-member states that does not include any benchmarks or detailed blueprints on how to consolidate the rule of law (Gherasimov and Solonenko 2020, 22). The AAs of Georgia and Ukraine refer to the need to reform ailing law enforcement institutions, but devote less attention to the rule of law while focusing primarily on the anti-corruption agenda and reforms in the field of energy market and administration. Thus, the EU's approach in consolidating the rule of law in the two countries was described as 'reactive' rather than 'preventive' (Cenuşa 2019, 5;7).

Concentration on anti-corruption measures on the side of the EU and IMF brought a mixed result. While under Poroshenko's presidency, Ukraine has established new anti-corruption institutions to reveal and investigate high-level corruption such as the National Agency for Prevention of Corruption (NAPC), the Special Anti-Corruption Prosecutor's Office (SAPO), the State Bureau of Investigation (SBI), the National Anti-Corruption Bureau of Ukraine (NABU), and the High Anti-Corruption Court (HACC), their effectiveness in fighting corruption was hampered by the insufficiently reformed judiciary beset with old-guard judges that obstructed the prosecution of cases and delivery of justice (Gherasimov and Solonenko 2020, 11; Lough and Rusu 2021, 23). While the anti-corruption mechanisms are largely in place with NACP monitoring the process of asset declaration, NABU carrying out corruption investigations and

SAPO prosecuting cases brought by the NABU, the reform has not yet bore fruit due to unwillingness on the part of SAPO to deliver prosecution (Lough and Rusu 2021, 11-12).

An important hallmark in the efforts to reform the judiciary under Poroshenko was the creation of a new Supreme Court in 2016 and a change from a four-level court system to a three-level system. Another important achievement was the introduction of an electronic asset declaration system by senior officials whose compliance made more than 2,000 judges voluntarily resign. While these changes brought some improvements to the Ukrainian judicial system, the recruitment process was criticized for being only partially transparent. As a result, most courts were occupied by old-guard judges notorious for their entrenched interests (Gherasimov and Solonenko 2020, 11).

Disillusioned with Poroshenko's failure to effectively implement the judicial reform, Ukrainians pinned their expectations on the political novice Zelenskyi whose administration was initially quick to further the unfinished reforms in the judiciary. Among the achievements of his government was the reform of the High Qualification Commission of Judges (HQCJ) and the High Council of Justice (HCJ), two independent bodies tasked with the selection process of judges and control of their integrity (Bertelsmann Stiftung 2022b). The reform later proved to be ineffective, as it gave too much power to HCJ which itself required renewal. The reform also presupposed the creation of a separate Commission on Integrity and Ethics consisting of both national and international experts that have the power to control and cleanse both the HQCJ and HCJ (Gherasimov and Solonenko 2020, 11).



The deficits of judicial reform became apparent in October 2020, when the decision of the Constitutional Court to recognize most of anti-corruption legislation unconstitutional turned into a political crisis that has not been resolved till this day. The crisis displayed how the old-guard judicial elite from the Yanukovich era can act as a veto power opposing reforms and invalidate hard-won democratic achievements (Lough and Rusu 2020, 11-12).

Just like in Ukraine, the consolidation of the rule of law in Georgia is still ongoing. After Saakashvilis departure from power in 2012, the GD government had to deal with a weak judicial system marred by high conviction rates, public distrust and politicization of court rulings. Among key achievements of the newly elected government was the separation of the Prosecutor's Office from the Ministry of Justice and reform of the controversial High Council of Justice (Popjanevski 2015, 21-22).

From 2013 till 2019 Georgia has undergone four waves of the judiciary reform that contained a number of positive elements, such as refined rules on the appointment of the Council of Justice, introduction of a system for the nominal random allocation of cases to judges, improved institutional distance between the Disciplinary Board of the Court and the High Council of Judges, as well as the High School of Justice from the President of the Supreme Court (Erkvania and Lebanidze 2021). At the same time, their effectiveness was impaired by practices like judicial corporatism and limited separation of the judicial and executive powers. While Georgia has formally reformed the appointment procedure to the Supreme Court, the loopholes in the selection procedure allows a small group of judges, labeled "the clan," to control nominations of their candidates (Bertelsmann Stiftung 2022a). The European Commission draws attention to this problem and urges Georgia to align the appointment process to

the Supreme Court with the Venice Commission recommendations (European Commission 2022d).

One of the most pressing problems of Georgia's judicial system is its *politicization*. After the first democratic transfer of power in the history of Georgia, the Prosecutor's Office started to prosecute a high number of officials from the former administration. The persecutions targeted 6,000 persons, the majority of whom were UNM party activists. As a result, more than a hundred members of Saakashvili's administration had been either prosecuted or investigated by the authorities (Popjanevski 2015, 27-28).

These politically motivated prosecutions persist to this day. Among the most illustrative examples is the imprisonment of the former president Saakaschwili upon his return to Georgia in 2021 for an alleged abuse of power, which EU leaders called "politically motivated" (European Parliament 2023). Another prominent example of selective justice is the arrest of the UNM chairman charged with incitement to violence during anti-government protests in 2019 that resulted in a political crisis, prompting the resignation of prime minister Giorgi Gakharia (Way 2022, 150).

While formally Georgia exhibits a clear separation of government, its execution since 2016 has shown signs of deterioration (Bertelsmann Stiftung 2022a). In fact, a huge chunk of power is concentrated in the hands of the ruling GD party and, most prominently, its main sponsor and briefly served prime minister Bidzina Ivanishvili who continues to exert significant influence over all branches of power while officially being outside of the political life in Georgia (Genté, 2022).

In its Opinion on Georgia's application for a membership in the EU, the European Commission points to a large number of reforms that provide a good legal and constitutional basis to guarantee the respect of the rule of law at all levels (European Commission 2022d). At the same time, its implementation, especially when it comes to the efficient functioning of the judiciary and justice system, represents the Achilles' heel of Georgia's political system (Erkvania and Lebanidze 2021). While the government under the GD administration has taken a more transformative approach to strengthening the rule of law in Georgia, Innadze (2021) argued that the logic of the judicial reform essentially boiled down to "beautifying the façade of the system so that its foundation remains unchanged".

Comparing the consolidation process in the arena of rule of law in both countries, it becomes evident that they managed to improve the legal and constitutional basis for a better functioning of the rule of law while failing to ensure its proper implementation. What is more, the judiciary in Georgia and Ukraine is inhibited by influential veto players that drag their feet on the implementation of reforms and twist the judiciary to the needs of influential interest groups. In Georgia, this problem is further exacerbated by the monopoly that the GD party holds over key powers in the political system which affects the separation of powers. In Ukraine, the separation of powers has displayed a slight improvement due to a more diverse party system and a larger number of interest groups. However, its volatility and instability does not contribute to a full consolidation of the rule of law. As a result, the reforms introduced after the signing of the AA had a limited effect on the overall consolidation of the rule of law with Ukraine improving only by two points since 2014 and Georgia losing one point for its deteriorating separation of power (Table 5).

**Table 5. Consolidation of rule of law in Georgia and Ukraine from 2014 till 2022**

BTI Index	Georgia 2014	Ukraine 2014	Georgia 2022	Ukraine 2022
Separation of powers	6	5	5	6
Independent Judiciary	6	5	6	5
Prosecution of office abuse	5	4	5	4
Civil rights	6	6	7	7
Total	23	20	23	22

*Source: Bertelsmann Stiftung 2014; Bertelsmann Stiftung 2022.*

#### **4.4 State Apparatus**

As the key task of democracy is to safeguard and protect the rights of its citizens, modern democracy requires the “effective capacity to command, regulate, and extract” (Linz and Stepan 1996, 11). For this, a well-functioning and transparent state apparatus must be in place.

The EU has long highlighted the need to reform the public administration sector in Ukraine (Samokhvalov and Strelkov 2020). Following the signing of the AA in September 2014, Ukraine adopted the Sustainable Development Strategy “Ukraine 2020”. The aim of the new public administration reform agenda was to establish an efficient and transparent public administration system in line with innovative e-governance technologies and tailored to the Ukrainian external and internal challenges (Khadzhyradieva et al. 2020, 87). Although the Ukrainian Verkhovna Rada, as well as the Ukrainian government have

consistently dragged their feet on implementing the above-mentioned strategy, the Ukrainian civil society and the EU managed to exert significant pressure on them which eventually resulted in the adoption of the Law on Civil Service and a Strategy for Reform of Public Administration of Ukraine in 2015 (Samokhvalov and Strelkov 2020).

While the European Commission recognized some progress in Ukraine's efforts to reform its public service system, praising its 'advanced' e-governance and significant steps to simplify and monitor progress delivery, it also drew attention to the need of addressing improvements at the highest level (European Commission 2022e). Additionally, the reform of civil service must be finalized and optimized, despite significant improvements, such as the introduction of a competence-based procedure for the selection and performance evaluation of civil servants, separation of the civil service from political activity, and a refined approach to the classification of the civil servants' positions (Khadzhyradieva et al. 2020, 100-101). In a similar vein, the BTI criticizes a simplified procedure for dismissing civil servants introduced in the framework of Zeleskyi's "reload of power" put in place in 2019, describing it as an attempt to remove non-loyal staff (Bertelsmann Stiftung 2022b).

Assessing the implementation of the public service reform, Samokhvalov and Strelkov (2020, 11-13) argue that while the EU's cross-dimensional networks of democracy promotion through expertise exchanges, empowerment of civil society and diplomatic assistance played a significant role in drafting and passing a new legislation on public administration, marked changes will "happen up to the moment when they start threatening the power of the ruling elite".

Apart from introducing reforms in the public administration system, Ukraine has also received favorable assessments for its decentralization reform, dubbed by BTI as “one of the most successful reforms initiated in the wake of the 2014 Maidan revolution” (Bertelsmann Stiftung 2022b). The decentralization reform enhanced Ukrainian resilience in the face of internal and external challenges due to territorial consolidation at the local level, empowered local governments and increased their institutional capacity. Moreover, its EU-inspired principles and practices became a “manifestation of Ukraine’s European identity” (Romanova and Umland 2021, 48-49).

Just like Ukraine, Georgia also took measures to reform its public administration system after the signing of the AA. In particular, in 2015, it adopted the Public Administration Reform Roadmap 2020 which covers such policy areas as policy planning, public service and HRM, accountability, service delivery, public finance management and local self-government (Eastern Partnership Civil Society Forum). Public administration reform has moved forward with the adoption of the ‘Law on Civil Service’ and several steps to strengthen independence of the civil service. In its Opinion on Georgia’s application for membership in the EU, the European Commission concludes that Georgia has a feasible framework for reforms in public administration and has progressed on its implementation (European Commission 2022d).

At the same time, the reform progress has remained slow. Additionally, the Georgian civil society criticizes the lack of a holistic approach to the public administration reform and lack of monitoring mechanisms and information on the state of its implementation (Eastern Partnership Civil Society Forum). This observation was also confirmed during the research: while there are numerous reports on Ukraine’s progress in reforming the state apparatus, there is a

palpable lack of information on the reform progress in Georgia. While it is possible to find Action Plans on the public administration reform which are drafted each two years and different reform agendas, there have been hardly any reports on the progress of their implementation.

The BTI report on Georgia 2022 also points to a limited progress in the depoliticization of the state administration, referring to mounting cases of mismanagement, nepotism and corruption, as well as misuse of public resources”. Importantly, BTI gives a positive assessment to Ukraine’s online public procurement system ProZorro which has further been streamlined and aligned with the EU standards, making the use of state assets and expenditures efficient and transparent. In contrast, the Georgian procurement system has also undergone reforms, but was criticized for low competitiveness and politicization (Bertelsmann Stiftung 2022a; Bertelsmann Stiftung 2022b).

Accordingly, the findings presented above mirror the BTI scores of both countries in the area of state apparatus (Table 6 ). The state apparatus in both countries was not marked by major differences neither in 2014, nor in 2022. Ukraine lagged behind Georgia in 2014 by one point, but managed to catch up with the latter due to a number of reforms put in place after the signing of the AA. However, the implementation of these reforms is still ongoing, even if there has been marked progress, notably in the public procurement system, decentralization reform, and civil service. In its turn, Georgia has also developed agendas on the reform of its state apparatus, but their implementation is hard to assess, as the government has so far provided little information for reform evaluation.

**Table 6. State apparatus consolidation**

BTI indices	Georgia 2014	Ukraine 2014	Georgia 2022	Ukraine 2022
<b>Basic administration</b>	6	8	7	8
<b>Policy Coordination</b>	7	5	7	6
<b>Efficient use of assets</b>	5	4	6	6
<b>Total</b>	18	17	20	20

*Source: Bertelsmann Stiftung 2014; Bertelsmann Stiftung 2022.*

#### **4.5 Economic Society**

The Bertelsmann Transformation Index (BTI) contains an in-depth analysis of economic transformation in developing countries and states in transition based on seven broadly defined criteria. Since the theoretical framework of this paper is built around a democratic consolidation model developed by Linz and Stepan (1996), some of the criteria of economic transformation were omitted with an aim of precise capturing of the fifth arena of democratic consolidation — economic society. However, the rating of both countries from 2014 till 2022 reveals that Ukraine has been more successful in consolidating the economic dimension of democracy, while the economic development in Georgia remained virtually unchanged (Table 7). This chapter will, thus, analyze the development of economic society in Georgia and Ukraine to account for the differences.



**Table 7. Economic Transformation in 2014 and 2022**

Year	Georgia	Ukraine
2014	5.82/10	5.68
2022	5.89/10	6.71/10

*Source: Bertelsmann Stiftung 2014; Bertelsmann Stiftung 2022.*

The EU's AA with Ukraine is one of the most ambitious and voluminous Association Agreements signed with third countries. A huge chunk of a 2140-page agreement is devoted to the setup of a Deep and Comprehensive Free Trade Area (DCFTA) that would establish a partial integration of the Ukrainian market with that of the EU. This would come about through the successive abolition of trade barriers and tariffs, as well as far-reaching reforms in a number of areas and partial adoption of the related EU acquis (Petrov and Van Elsuwege 2016, 76). Expectedly, the process of AA implementation had an impact on Ukraine's economic transformation.

Despite numerous reforms in the banking sector, its consolidation has not yet been achieved, even if there are signs of improvements. Among notable achievements was the closure of banks that functioned for the purpose of money-laundering and corruptive practices of affluent private individuals as well as privatization of the biggest Ukrainian bank PrivatBank. The IMF and its conditionality policy in providing Ukraine with loans has also played a key role in carrying out banking reforms. In particular, the-then finance minister of Ukraine Valeriia Hontariva introduced measures to stabilize the Ukrainian currency and reform the National Bank of Ukraine by reducing its staff from 12000 to 5000 (Oxenstierna and Hedenskog 2017, 36). However, the resignation of NBU's chairman Yakiv Smolii in 2020 because of "systematic

political pressure” calls into question the independence of the Ukrainian banking system and points to a significant influence exerted by some veto players over Ukrainian financial institutions (Dickinson, 2020). Even though the BTI report 2022 points to numerous reforms in the banking sector and improvements in the bank-system indicators, Ukraine’s general score for its banking system has not improved since 2014 (Table 8) due to the above-mentioned pressure and insufficient reform implementation (Bertelsmann Stiftung 2022b).

Among the positive effects of DCFTA implementation was the improvement of Ukrainian competition policy in line with the EU norms. A notable achievement in this policy area is the introduction of an electronic public procurement system called ProZorro which made the process of tender allocation more transparent and provided a better access for businesses to tenders (VoxUkraine 2017). Thanks to these EU-inspired reforms Ukraine improved its standing in the Global Competitiveness Report 2019, ranking 89th out of 141 countries in the category “extent of market dominance,” compared to 132rd in the 2013 – 2014 report (World Economic Forum 2014; World Economic Forum 2019).

**Table 8. Consolidation of Economic Society**

BTI Index	Georgia 2014	Ukraine 2014	Georgia 2022	Ukraine 2022
<b>Socioeconomic constraints</b>	4	6	5	7
<b>Competition Policy</b>	6	6	6	7
<b>Liberalization of foreign</b>	9	7	9	8

<b>trade</b>				
<b>Property rights</b>	6	5	6	6
<b>Private Enterprise</b>	7	6	7	8
<b>Equal Opportunity</b>	4	6	5	7
<b>Banking System</b>	7	6	7	6
<b>Social society nets</b>	5	6	5	6
<b>Output strength</b>	6	5	5	6
<b>Total</b>	54	53	54	61

*Source: Bertelsmann Stiftung 2014; Bertelsmann Stiftung 2022.*

The Ukrainian Constitution provides a legal basis for the guarantee of property rights. However, their protection is still insufficient and impaired by the ailing judicial system as well as corruption (Bertelsmann Stiftung 2022b). The EU also sees the need to further strengthen private property rights (European Commission 2022e). Even though Ukraine improved its score in the category “protection of property rights” ranking 128th out of 141 countries compared to 143 in the 2013-2014 report, the enforcement of property rights as one of the attributes of a consolidated economic society is not granted in a satisfactory manner (World Economic Forum 2014; World Economic Forum 2019).

Since the Revolution of Dignity, Ukraine has also made improvements with regard to private enterprise. The government under Prime Minister Oleksiy Honcharuk set in motion a mass-scale small privatization via the electronic

public procurement platform ProZorro, simplified rules for privatization and started the process of large privatization (Dabrowski et al. 2020, 16). Apart from that, in 2020 Ukraine lifted a moratorium on the sale of agricultural land, which had been in place since 2001.

Additionally, Ukraine has also managed to significantly improve its business environment and market organization by reducing the number of licenses and permits needed to start a business and deregulating business practices (VoxUkraine 2017). As a result, Ukraine improved its score in the Ease of Doing Business Rating from 112/190 in 2014 to 64/190 in 2020 (The World Bank 2014; The world Bank 2020).

Comparing the economic dimension of democratic consolidation in both countries, it is evident that the main weakness of the Georgian economic society lies in socioeconomic constraints and equal opportunities (Table 8). In particular, the BTI Country Report on Georgia draws attention to strong differences between rural and urban areas and gender equality issues describing Georgia as a society “divided along ethnic, gender, and urban-rural lines” (Bertelsmann Stiftung 2022a). In its Opinion on Georgia’s Application for the EU Membership, the European Commission also stresses the need to strengthen its human capital in an effort to boost its competitiveness and withstand the competitive pressure in the EU (European Commission 2022d).

After the signing of the AA Agreement with the EU, Georgia amended its law “On Competition” and signed a number of bylaws in 2020 in a bid to adjust its competition policies to EU standards (Momtselidze and Zukakishvili 2023). While the legal basis of Georgia’s competition policy is largely in keeping with the EU requirements, the European Commission sees the need to further

strengthen the legal framework and enforcement procedures in competition law (European Commission 2022d). Nevertheless, Georgia improved its standing in the Global Competitiveness Report 2019, ranking 91th out of 141 countries in the category “extent of market dominance,” compared to 119th in the 2013-2014 report (World Economic Forum 2014; World Economic Forum 2019).

Although Georgia has seen a significant improvement in the category “protection of property rights” ranking 48th/141 compared to 120/148 in the 2013 – 2014 report, BTI criticizes discrimination in returning of nationalized property to various religious groups other than Georgian Orthodox Church (World Economic Forum 2014; World Economic Forum 2019). Just as in the case of Ukraine, the protection of property rights is weakened by a feeble and politicized judiciary. The decision of Georgia's Supreme Court to return the biggest TV channel Rustavi2 to its previous co-owner affiliated with the GD party is an illustrative example of such practices (BBC 2017).

In terms of its business environment and trade liberalization, Georgia has long been known as a forerunner in the region and generally had a better economic performance in 2014 than Ukraine (Wolczuk 2018, 290-291). In the rating Ease of Doing Business, Georgia has steadily made it to the top 10 countries, ranking 8th in 2019 (The World Bank). Additionally, it has a robust liberal foreign trade policy with no quantitative restrictions on trade (Bertelsmann Stiftung 2022a). With the setup of DCFTA, Georgia lifted trade barriers for EU states. Over years, Georgia has also exhibited slightly a higher GDP rate per capita than Ukraine (Table 9).

**Table 9. GDP per capita in Georgia and Ukraine from 2014 till 2021, own illustration.**

Year	Georgia	Ukraine
2014	4,739.2	3,104.6
2015	4,014.2	2,124.7
2016	4,062.2	2,187.7
2017	4,357	2,638.3
2018	4,722	3,096.6
2019	4,696.2	3,661.5
2020	4,255.7	3,751.7
2021	5,023.3	4,835.6

*Source: The World Bank*

URL:<https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=GE-UA>.

Summarizing the consolidation of economic society in both countries, it must be said that since the signing of the AA, Ukraine had a less auspicious starting position than Georgia which explains the unprecedented number of conducted reforms. While Georgia performs better economically, its economic society is not consolidated in terms of socioeconomic dimension pertaining to equality, education, social gap between rural and urban areas, which, according to Linz and Stepan (1996, 12-13), represent important public goods that must be produced through governmental policies. Without them, democracy can never be sustainable.

## **Chapter 5. Effectiveness of EU's Conditionality in Georgia and Ukraine**

### **5.1 Conditions**

The Association Agreements (AA), signed on 27th of June 2014 between the European Union and the two countries under consideration — Ukraine and Georgia — build the bedrock of EU's conditionality in the selected cases. The AAs represent a complex association framework and go beyond traditional free trade agreements, as they presuppose a gradual convergence of Ukrainian and Georgian legal practices in a number of areas with the EU acquis (Gabrichidze 2018, 55-56; Petrov 2018, 50). While the two AAs display a number of similarities, the fact that the Ukrainian AA contains 2137 pages compared 743 pages in the Georgian AA points to some potential differences which can account for their effectiveness in the context of democratic consolidation.

The AAs define the values upon which the cooperation between the signatory countries should rest, as follows: “democracy, respect for human rights and fundamental freedoms, and the rule of law” (Preamble EU-Georgia AA; Preamble EU-Ukraine AA). In the following chapter, we will analyze the determinacy of conditions set in the AAs with Georgia and Ukraine and other related documents.

Both the Georgian and Ukrainian AAs contain a clause “to strengthen respect for democratic principles, the rule of law and good governance, human rights and fundamental freedoms, including media freedom and the rights of persons belonging to minorities, and to contribute to consolidating domestic political reforms” (Article 3 EU-Georgia AA; Article 4 EU-Ukraine AA). In the

Georgian AA, the list of democratic principles includes “media freedom”, whereas in the Ukrainian AA, a divergent principle is “non-discrimination of persons belonging to minorities and respect for diversity” (Article 3 EU-Georgia AA; Article 4 EU-Ukraine AA). While formally both countries must recognize and implement these principles, the AAs do not provide any elucidation or guidelines on how these values can be achieved or strengthened. According to Cenusa (2020), the absence of benchmarks in the AAs does not allow to adequately measure the progress achieved by the signatory countries and impairs the clarity of the expected results leaving a lot of scope for interpretations by partner countries about final results.

With respect to the economic part of the agreement, Wolczuk (2018, 290) argues that Georgia’s AA is less elaborate than that of Ukraine and takes a rather cautious approach to reform commitments. This stems from unprecedented liberalization policies undertaken under Saakashvili's administration which helped the country to improve its business environment and align its economic practices with international standards. Thus, she contends that the AA is not a “blueprint for reforms to the same extent as it is in Ukraine and Moldova, but more a stepping stone towards the West” (291).

Another aspect that weakens the determinacy of conditions set in the Ukrainian AA is the inconsistency of terms used to describe the process of legislative approximation. In particular, the AA, and especially its part on the DCFTA, includes a number of words to denote Ukraine’s legal obligations such as “approximate to”, “align to” or “achieve conformity with” that have different approximation meanings that impair legal clarity of the agreement and leave room for its divergent interpretations (Van der Loo et al. 2014, 18).



Comparing the determinacy of AAs in the countries under consideration, it becomes evident that conditions in the Ukrainian AA concerning some policy areas are more specific and elaborate than those in the Georgian AA. For example, both Georgia and Ukraine are obliged to maintain comprehensive competition laws. At the same time, only the Ukrainian AA presupposes an approximation of its competition laws with the EU's competition legislation (Article 256 EU-Ukraine AA). The same applies to energy, agriculture, rural development and other areas of cooperation in the target countries (Van der Loo 2017, 13-14; 17). The approximation of Ukrainian legislation on some policies with the EU *acquis* makes conditions more determined and specific, as Ukraine has a clear understanding as to how the end results of cooperation in a specific policy area must look like, which is not always the case in the Georgian AA. Another weakening aspect of conditionality rooted in AAs is that it does not contain time frames or deadlines for the fulfillment of conditions leaving room for maneuvering on the part of national players.

As discussed above, the AAs represent a groundwork for regulating relations between the EU and the signatory countries rather than a roadmap with reform conditions. Recognizing this, the EU developed a new tool for encouraging reforms — the so-called Association Agendas. They encompass a list of AA-related activities and priorities which must be addressed by the respective states in the foreseeable future (Cenusa 2020, 3).

In terms of Association Agendas, it is important to note that while Georgia has managed to implement two Association Agendas and is currently working on the revised EU-Georgia Association Agenda for the period 2021-2027, the only Association Agenda negotiated between Ukraine and the EU stems from 2015 (Cenusa 2020, 4; EU NEIGHBOURS east 2022). The EU-Ukraine Association

Agenda covers ten reform areas and consists of 330 activities which must “prepare and facilitate the full implementation of the EU-Ukraine Association Agreement” (EU-Ukraine Association Agenda 2015). The Association Agenda includes ten reforms which must be “addressed as a matter of priority”. While some policy areas in Association Agendas of both Georgia and Ukraine are defined as priorities, they also lack concrete benchmarks and deadlines for the assessment of the achieved progress.

In an attempt to promote reforms in Ukraine and as a complimentary mechanism to AAs, the EU has also provided Ukraine and Georgia with macro-financial assistance (MFAs). This financial aid is tied to specific conditions, after the fulfillment of which the state can receive MFAs. In total, the EU has provided three MFA programmes for Georgia and four MFAs for Ukraine plus an emergency MFA and exceptional MFA as a response to Russia’s war against Ukraine (European Commission (a)). According to Cenusa (2020, 8), MFAs, despite some limitations when it comes to fostering effective reforms, have proved to be “most robust tools” of the EU in terms of reform promotion in the AA/DCFTA countries. The effectiveness of MFA conditionality is attributed to its clear conditions that are laid down in the respective documents. Additionally, conditions negotiated in MFAs envisage monitoring mechanisms which allows the EU to make its assistance to recipient states conditional upon the compliance with respective requirements. Otherwise, MFAs can be suspended or withdrawn (Cenusa 2020, 6).

In 2015, the EU issued MFA III programme for Ukraine which for the first time was conditional on reforms, laid down in a memorandum of understanding (MoU) (Madatali and Jansen 2022, 10). The MFA III envisaged a total of 1.8 billion EUR of financial aid, disbursed in three installments of 600 EUR each.

While the first installment would be paid upon entry into force of MoU, the payment of the second and the third installments hinged upon a positive assessment of the European Commission with regard to the fulfillment of conditions set out in MoU (MoU EU-Ukraine 2015). Out of 36 conditions set out in the MFA III, Ukraine managed to comply with 32 of them by the end of the period during which the assistance was available. For not complying with four conditions connected with important anti-corruption measures, Ukraine only received €1.2 billion which did not include the last tranche of €600 million. In 2018, the EU adopted a new €1 billion MFA IV programme that set out new conditions for the Ukrainian government and was fully disbursed in 2018 and 2020, just like the fifth MFA worth €1.2 billion launched in 2020 in the context of the Covid-19 pandemic (Madatali and Jansen 2022, 10).

The first MFA programmes for Georgia were launched in 2008 against the backdrop of Russia's aggression in 2008 and envisaged a total of €92 million with a disbursements period running from 2009 till 2017 (Madatali and Jansen 2022, 10). However, the MoU signed between Georgia and the EU in 2013 while also envisaging conditions, contained only eight actions and were less elaborate than those set for Ukraine.

The same applies to pandemic-related MFAs and their conditions which in the case of Ukraine targeted primarily public sector governance and the judiciary, while in Georgia the focus was placed on social issues and the public sector. In its conditions set for MFAs, the EU has rarely included political conditions until 2019–2020, when the political crisis exposed the need to pay more attention to the rule of law. As a result, one of the conditions set in the Georgian Corona MFA was to increase the independence, accountability and quality of the judicial system (Cenusa 2020, 8-7). In 2021, the Prime Minister of Georgia

Irakli Garibashvili announced his government's decision to forgo the second tranche of the Corona MFA for Georgia allegedly to reduce Georgian foreign debt. However, a spokesperson of the EU Delegation in Georgia linked the government's decision to reluctance on the part of the Georgian government to address reforms in the judiciary that are attached to the final tranche (Madatali and Jansen 2022, 10).

Summing up the determinacy of EU's conditionality with regard to Georgia and Ukraine, it is evident that the absence of clear benchmarks and time frames weakens the effectiveness of the conditionality policy. Moreover, after analyzing the conditionality attached to Association Agendas, Association Agreements and MFAs between the target countries and the EU, the conditions set for Ukraine have been more ambitious and elaborate targeting a larger number of sectors than those set for Georgia. At the same time, financial aid in the form of MFAs is distinguished by a high degree of determinacy, as the fulfillment of their conditions is rewarded by financial assistance. Unlike in Georgia, the conditions in Ukraine's MFAs pertained also to the areas of the rule of law, anti-corruption policies and governance which are not covered by MFAs conditions for Georgia which focus primarily on trade and social policies.

## **5.2 Incentives**

The underlying idea of EU's relations with ENP countries, to which Georgia and Ukraine belong, was, as expressed in the words of European Commission's President Romano Prodi, to offer "everything but institutions" (Schimmelfennig 2010, 332). Thus, the Association Agreements envisaged by the EU's ENP policy, are devoid of a clear membership or accession perspective and are not treated as a preparatory stage for potential accession negotiations (Van der Loo et al. 2014, 10). At the same time, the AAs signed with Georgia and Ukraine

generally acknowledge the “European aspirations and European choice” of both countries (Preamble EU-Georgia AA; Preamble EU-Ukraine AA). Importantly, the AA, while not offering a clear membership perspective, does not exclude such a possibility in the future, “leaving open the way for future developments” in the relations between Georgia and Ukraine (Van der Loo et al. 2014, 10; Preamble EU-Georgia AA; Preamble EU-Ukraine AA).

While the success of EU’s democracy promotion in CEECs was attributed to the use of conditionality which in its turn depends on a credible membership perspective, the absence of the most attractive “carrot” — EU’s membership clause — in ENP in Georgia and Ukraine has been seen as the major reason for EU’s failure to consolidate democracies in the target countries (Schimmelfennig and Scholtz 2008, 207; Schimmelfennig 2010, 332). However, Bulyuk and Shapovalova (2017, 46) argued that insufficient awareness of what was really on offer in the AA had a mobilizing effect for the Ukrainian society, as it could “find something within their interest in the AA—higher living standards, political and economic reforms, freedom of movement in Europe and freedom from Russian dominance”.

As discussed in the Chapter 4, the signing of the AAs in both countries has galvanized the civil society into action and encouraged important political and economic reforms. However, the effectiveness of EU’s policy of conditionality could not be fully exhausted, as the mode of cooperation was not accompanied by a credible membership perspective (Lavenex and Schimmelfennig 2011, 887). Thus, the conducted reforms have been neither comprehensive nor sustainable (Davitashvili, 2022).

One of the reasons why the expected reforms in the framework of AA showed limited effectiveness lies in the approach that the EU used towards the countries under consideration. After having long relied on the “one-size-fits-all” principle which envisaged little to none differentiation in dealing with the ENP countries, the EU has gradually substituted it for “more for more” principle meaning more money and integration in exchange for more reforms. However, even this approach changed little in the behavior of the target states, as they still were treated in the same framework that did not include a credible membership perspective. The lack of enhanced integration promises, thus, undermines the EU’s soft power in the region, discourages the already reform-reluctant governments and tips the scale in favor of reform-averse groups (Lebanidze 2017).

Being devoid of a membership perspective, the biggest incentive offered to Ukraine and Georgia in the framework of AAs is a successive abolition of trade barriers and tariffs and a partial integration of the Ukrainian and Georgian market with that of the EU (Petrov and Elsuwege 2016, 76). While this prospect is of significant attractiveness to both countries, it inflicts immediate and perceptible costs in the form of reforms and legislation approximation with tangible benefits appearing rather in the long-term (Wolczuk 2014; Adarov and Havlik 2017). These benefits, however, outweigh the high adoption costs, as they offer a prospect of transforming and modernizing the economies of both states. It is noteworthy that the credibility of this biggest EU’s incentive was weakened in the case of Ukraine due to the EU’s decision to suspend the implementation of DCFTA, seen largely as an attempt to accommodate Russia (Speck 2014). Thus, the economic part of the agreement formally entered into force on 1 September 2017, while in Georgia the preferential free trade regime was introduced in July 2016 (European Commission (b)).

Although the adoption of DCFTA is associated with perceptible adoption costs, according to Wolczuk (2018, 284), its ultimate attractiveness lies in providing a “ready-made corpus of rules in the absence of effective domestic policymaking”. The adoption of EU *acquis* is regarded as a blueprint for successful modernisation and transformation of target countries and should be treated as an aim in itself. At the same time, the author recognizes that both countries lack institutional capacities and experience to put the highly regulatory EU economic model in place.

Another incentive offered in the framework of AAs is visa liberalization that has been dubbed as “one of the biggest incentives for Ukrainians”, not only for elites, but also for a broader public (Sasse 2016). While not being directly attributed to the AA negotiations, as the whole visa liberalization process was set in motion in the framework of Visa Liberalization Dialogues between the EU and Ukraine in 2008 and Georgia in 2012, the AAs were interpreted by many in visa-free travel terms. The AAs contain clauses on visa liberalization and urge both countries to fulfill the visa facilitation and readmission agreements. Since visa liberalization was a significant attraction to the broader public of both Georgia and Ukraine, the EU employed conditionality in granting a visa-free regime that presupposed adoption of numerous measures, including fight against anti-corruption, discrimination, terrorism, organized crime as well as strengthening and reforming of law-enforcement institutions (Sasse 2016; European Commission (f)).

Since the signing of the AA, both Georgia and Ukraine have been working on the implementation of AAs/DCFTAs and the alignment of their legislation and trade practices with those of the EU. However, the full convergence of standards

for a proper functioning of DCFTA in both countries is hard to achieve without an updated format of cooperation that would envisage at least some prospect of a future membership. The EU has neither updated the negotiated agreements nor provided additional incentives in the form of feasible security cooperation that would reinvigorate a better implementation of DCFTAs (Dempsey, 2021). In order to strengthen their negotiating position with the EU and voice their desire for an EU membership, the three foreign ministers of Georgia, Moldova and Ukraine signed a joint memorandum on May 17 in Kyiv to form the “Associated Trio” (Ministry of Foreign Affairs of Ukraine 2021) Above all, the “Associated Trio” wanted to increase their visibility in the EU and create better coordination of further integration steps of the three countries. However, calls for a revision of relations with countries under consideration have not been addressed by the EU.

The lack of new incentives, absence of a membership perspective and a volatile geopolitical situation in the region have not conduced to the EU’s policy of conditionality in the target countries. Devoid of a membership perspective and confronted with internal hardships, Georgia has effectively put its integration process with the EU on hold looking for alternatives in the region (Bertelsmann Stiftung 2022a). Ukraine, while never putting its integration with the EU into question, could not exhaust the full effectiveness of the Association format due to high adoption costs and unstable domestic and geopolitical environment.

### **5.3 Credibility**

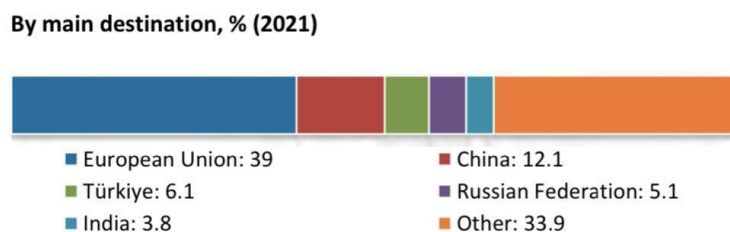
The key tenet of the external governance model is the idea that a target state is most likely to comply with conditionality if the EU offers a high level of attraction with little to none other players offering similar incentives at lower adoption costs (Schimmelfennig and Sedelmeier 2004, 673-674). Thus, the



following chapter will analyze the EU's credibility with regard to its capacity to pay the promised rewards and availability of other actors competing for influence in the target countries.

As the attractiveness of the EU for both countries has an economic rationale, it is worth taking a look at trade relations between the target countries, the EU and other players. In the case of Ukraine, the Revolution of Dignity and the start of Russia's war in the East has changed the economic landscape of the country, making the EU an indispensable trade partner. In 2012, Russia was the destination for 25.7% of Ukrainian exports, whereas the share of exports to the EU amounted to 24.9% (Zachmann et al. 2020). However, in 2021, the European Union accounted for 39% of Ukrainian exports, while exports to Russia fell to 5.1 % (Figure 3). A similar situation is observable with regard to Ukrainian imports with 40.2% of imported goods coming from the EU and 8.4 coming from Russia (Figure 3) (World Trade Organisation 2021). In 2012, Russian imported goods constituted 32.4% of all Ukrainian imports (Zachmann et al. 2020).

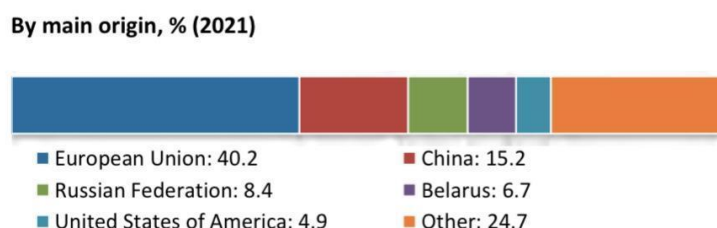
**Figure 3. Ukrainian exports in 2021**



*Source: World Trade Organization 2021.*

URL:[https://www.wto.org/english/res\\_e/statis\\_e/daily\\_up#date\\_e/trade\\_profiles/UA\\_e.pdf](https://www.wto.org/english/res_e/statis_e/daily_up#date_e/trade_profiles/UA_e.pdf).

**Figure 4 . Ukrainian imports in 2021**



*Source: World Trade Organization*

URL: [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_up#date\\_e/trade\\_profiles/UA\\_e](https://www.wto.org/english/res_e/statis_e/daily_up#date_e/trade_profiles/UA_e).

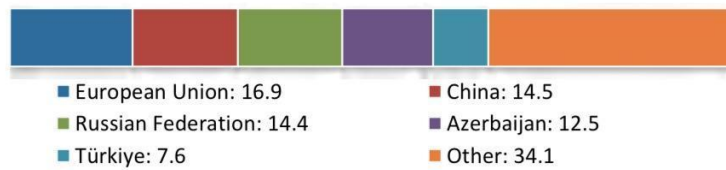
From this it follows that Russia's war in Eastern Ukraine, as well as the ensuing deterioration of political and economic relations with the country have caused a major reorientation of the Ukrainian economy, largely attributed to the mutual introduction of economic sanctions and the suspension of the free trade zone between since January 2016 (Soroka 2022, 139). These changes in Ukraine's economy added attraction to the EU's economic incentives of partially belonging to a free trade zone, as it became the most important trade partner for the country. While economic rationales have never occupied center stage in the EU's motivation to sign a AA/DCFTA with Ukraine, not least due to huge disparities between the two economies, they gained an increasing importance for Ukraine that lost its traditional markets in CIS (Adarov and Havlik 2017).

As for Georgia, it is less dependent on the EU's exports and imports than Ukraine. While the EU remains the most important export partner for the country, accounting for 16.9% of its total exports, the share of exports to Russia is only slightly lower, amounting to 14.4 % compared to 1.9% in 2012. A slightly more optimistic picture for the EU is its large share in imports to Georgia, constituting 22.9% of Georgian imported goods in 2021, while imports from Russia made up 10.1% compared to 6% in 2012 (World Trade

Organisation 2021; National Statistics Office of Georgia 2013). Accordingly, the EU's economic incentives carry less strategic weight and attraction to Georgia, as they do in the case of Ukraine. The Georgian economy is slightly more diversified with Russian exports and imports increasing, despite Russia holding sway over Georgia's breakaway territories South Ossetia and Abkhazia.

**Figure 5. Georgian exports in 2021.**

By main destination, % (2021)

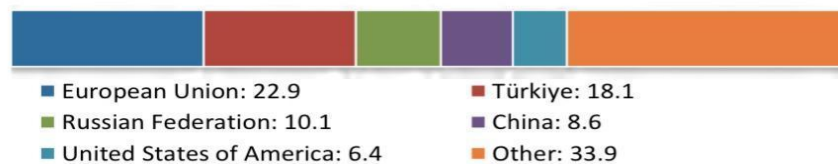


Source: World Trade Organization

URL: [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_update\\_e/trade\\_profiles/GE\\_e.pdf](https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/GE_e.pdf).

**Figure 6: Georgian imports in 2021.**

By main origin, % (2021)



Source: World Trade Organization

URL: [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_update\\_e/trade\\_profiles/GE\\_e.pdf](https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/GE_e.pdf).

With Russia exerting significant pressure and influence in the region, the Eurasian Economic Union (EEU) with no approximation and reorientation requirements provides an alternative to a highly regulatory and politically costly Association Agreement. However, due to its Russia-dominated nature, low

competitiveness on the global economic arena and insufficient attraction, the EEU has never really been viewed as a feasible alternative for both countries (Papava 2016). In the case of Ukraine, the Revolution of Dignity was a clear “no-answer” to the EEU that spelled little change for the Ukrainian civil society and later became altogether impossible due to the annexation of Crimea and the war in Eastern Ukraine (Lippert 2014).

For both Georgia and Ukraine, China has been an important trade partner. However, while Ukraine’s share of imports and exports is larger than those of Georgia, the latter has signed a Free Trade Agreement with China that provided an uncomplicated access for Georgian goods to China’s market and had shown more effects than the highly regulatory AA (Sirbiladze and Mgebrishvili 2020).

The analysis of Ukraine’s and Georgia’s trade relations shows that both countries have discrepancies in their trade relations. While Ukraine had to reorient its economy to the requirements of the AA following the losses from the Russian market and its diminished economic prowess after the annexation of Crimea and occupation of parts of Luhansk and Donetsk regions, making the EU the most important trade partner, Georgia has entertained diverse economic relations with its neighbors and deepened trade ties with China and Russia with the share of EU’s exports and imports increasing only marginally.

In order to produce changes in partner states, the EU relies mostly on positive conditionality that does not include a big “stick” (Schimmelfennig and Scholtz 2010, 445). This very principle is also applicable to countries with AAs. At the same time, with the signing of AAs, Georgia and Ukraine have committed themselves to democratic principles, such as observance of human rights and the rule of law. Non-compliance with the agreement or serious violations of its

elements can lead to suspension of obligations or general non-execution of the agreement. Both Georgian and Ukrainian AAs differentiate between non-compliance and non-fulfillment of obligations that may entail the activation of the suspension clause (Tyushka 2015, 13). Article 315 EU-Ukraine AA and Article 257 EU-Georgia AA outline a mechanism to “suspend obligations arising from any provision [referred to provisions on the free-trade area ] at a level equivalent to the nullification or impairment caused by the violation” as a temporary remedy for non-compliance. Non-fulfillment of obligations will invoke the general non-execution or suspension clause (Article 478 EU-UA AA; Article 422 EU-Georgia AA; Tyushka 2015, 13).

Importantly, these clauses refer to violations of AAs. However, the agreement does not presuppose any punishment mechanisms if the states at issue fail to implement the required reforms. This is partly attributed to the absence of clear benchmarks and expected time frames in the AAs (Cenusa 2020).

An important factor that weakens the EU’s credibility in terms of AA/DCFTA is the absence of a legal enforcement authority that would monitor the implementation of the agreement (Duleba 2022, 367). In both countries, the application and implementation of the Agreement is monitored by the Association Council established in the Article 461 EU-UA AA and in the Article 404 EU-Georgia AA. Duleba (2022, 367) argues that this supervisory body is rather of political nature, as it is composed of representatives of the European Commission, Council of the EU, and the respective governments. Appraising the EU-Ukraine AA, Van der Loo et al. (2014) note that because decisions in this body are taken “by agreement”, Ukraine can always veto any process. The Georgian Association Council is guided by the same mechanism (Article 404 EU-Georgia AA).

Another factor that undermines the EU's credibility is the division on the part of single Member States on how to proceed with further integration of Ukraine and Georgia. This disunity was apparent even during the negotiation period of AAs. While the Baltic States, Poland, the Czech Republic, and Ireland were among clear supporters of deeper EU integration with Ukraine in the form of an AA, Germany, the Netherlands and France were skeptical of the Ukrainian political elite and called for visible changes in Ukrainian domestic politics before pursuing a deeper integration with the country (Vogel 2012, 3). Moreover, the EU lacks a strategy on its further enlargement process and has failed to provide more credible incentives to its neighbors in pursuing reforms. This is clearly evidenced by the unwillingness of the EU to deal with its accession countries by starting accession negotiations and most notably by Emmanuel Macron's decision to veto opening accession talks with Albania and North Macedonia in October 2019 sending a signal that the final say in the enlargement process is given to member states rather than EU institutions (Gherasimov 2020). This approach in dealing with EU's enlargement and neighborhood policy weakens EU's conditionality by sending a discouraging signal to the target countries, as there is no guarantee that even after the implementation of the required reforms, the EU would put its biggest reward — membership in the EU — on the table.

#### **5.4 Veto Players and Adoption Costs**

The variables of the EU's policy of conditionality described in the previous chapters referred mostly to the EU and its power of attraction. However, the effectiveness of political conditionality does not solely hinge upon the EU, but also on the domestic situation of countries under question and the role of veto players that can potentially impede the process of aspiring integration (Schimmelfennig and Sedelmeier 2019, 818 ).

The key veto players in Georgia and Ukraine are oligarchs described as “wealthy individuals that are able informally to control or strongly influence state policy” (Kononczuk et al. 2018, 56). With regard to oligarchs in the target countries, it is worth emphasizing the key difference in their structure and level of influence. Whereas Ukraine is defined by ‘oligarchic pluralism’ represented by powerful business individuals who compete for power and resources by financing political parties, owning media and controlling important enterprises, there had long been no such thing as ‘oligarchization of politics’ in Georgia. In the 1990s, some Georgian oligarchs were mostly operating in Russia where they made their fortune. In the late 2000s, some of them returned to Georgia making multiple attempts to “translate their wealth into political power” (57-60). In contrast to Ukraine, where multiple oligarchs compete for political and economic influence, Georgian political life is dominated by one key oligarch, Bidzina Ivanishvili, whose economic and political dominance in Georgia remains unchallenged since 2011 (Genté, 2022).

Ivanishvili, whose assets are estimated to comprise a third of Georgia’s entire GDP, is described as the “overarching controller of the Georgian government”, although he had officially left the Georgian political scene after stepping down as prime minister in 2013 (Kononczuk et al. 2018, 65-67). The oligarch is believed to have a tight grip on key government institutions, Georgia’s ruling “Georgian Dream” party, and economy. His pro-Russian views collide with the will of the Georgian people to pursue further integration with the EU. Acting largely in the background, he tried to perform a balancing act between Russia and the EU for power preservation reasons. At the same time, the pursued integration with the EU has been rather rhetoric and did not translate into substantial achievements. Russia’s full-scale invasion of Ukraine marked a

departure from prioritizing traditionally pro-Western foreign policy to preferring relations with Russia. By not officially giving up on its EU integration course, Ivanishvili “kept the door open to the West in case Russia loses its war in Ukraine” (Genté, 2022).

As discussed above, the Ukrainian political scene is distinguished by ‘oligarchic pluralism’. While Ivanishvili held predominantly pro-Russian views, the Ukrainian oligarchs cannot be so clearly divided into exclusively “pro-EU” or “anti-EU” interest groups, since they are organized more regionally and by clans (Plank 2015, 596). Still, some preferences can be identified. Oligarchs active in the food industry, such as Petro Poroshenko, Ukraine's fifth president, saw more economic benefits from a closer integration with the EU. In contrast, the oligarchs, represented in heavy industry, were more skeptical about the planned AA, since their businesses were more oriented towards Russia (Becker 2014, 80).

An important event that decidedly tipped the scale in favor of pro-Western veto players was the annexation of Crimea, as well the ensuing war in Eastern Ukraine. The deterioration of political relations with Russia led to the re-orientation of the Ukrainian economy and severed links of pro-Russian oligarchs with Russia (Becker 2014, 80; Soroka 2022, 139). Russia-oriented trade was neither a politically nor economically feasible option. The worsening of Ukrainian-Russian relations set in motion a series of integration steps that have “institutionalized” Ukraine’s European choice and cemented the consensus on the part of the Ukrainian civil society and political elites. This inevitably led to the “formation of a political nation in Ukraine with a clear sense of direction towards the EU” (Hallgren and Solonenko 2015). Against the backdrop of annexed Crimea and the war in Eastern Ukraine, any pro-Russian overtures or



attempts to reverse the European choice would translate into huge political costs and potential power loss for Ukrainian politicians.

Kononczuk et al. (2018,76;78) draw attention to one more key difference between veto players in Ukraine and Georgia. While controlling large swaths of Georgia's economy, Ivanishvili's influence is more pervasive in the political sphere than in the economic life of Georgia. In contrast, Ukrainian oligarchs having a stake in the country's key economic sectors, have a much limited impact on Ukrainian politics, even if they still can secure some important political decisions thanks to their informal deals with the Ukrainian government. Importantly, thanks to this 'oligarchic pluralism' they cannot establish full control over the political life of Ukraine or turn the country easterward, as it has been the case in Georgia, where a large portion of decision-making power is vested in the hands of one veto player.

Apart from depending on the willingness of veto players to comply with the rules, the effectiveness of EU's conditionality also hinges upon the adoption costs of the set conditions. In the case of both Georgia and Ukraine, the implementation of AAs goes hand in hand with significant economic losses, as the two economies are less competitive and advanced than those of the Member States. While the Agreement provides a ready-made model for the modernisation of both economies and its alignment with the practices of the EU, the benefits from DCFTA will only be felt in the long-term perspective and only after a proper implementation of the agreements (Adarov and Havlik 2017).

Using the example of Ukraine, Soroka (2022, 144) illustrates how the AA turned Ukraine from an exporter of sophisticated products such as machinery, aviation equipment and vehicles into a supplier of less sophisticated agricultural

raw materials. Additionally, the free trade zone with the EU not only opened new markets for Ukrainian food producers, but also simplified the access of EU products to the Ukrainian market. On the example of dairy products, she shows that the imports of dairy products from the EU are higher than their exports from Ukraine. This largely stems from Ukraine's low competitiveness on the European market, as dairy products imported from the EU are cheaper than domestic ones. What is more, EU states receive subsidies from the Commonwealth budget (145-147). From this it follows that the implementation of AA incurred significant political and economic costs that the Ukrainian government could hardly make up for by means of policies to protect Ukrainian producers.

While the short-term costs of the AA for the Ukrainian economy seem significant, they are solely caused by the implementation of DCFTA. In the case of dairy products, Ukraine lost its traditional markets in CIS countries and also failed to enact effective protection measures and new competition policies. What is more, Ukraine's deteriorating export performance is to a large degree attributed to the economic crises caused by Russia's war and geopolitical tensions (Adarov and Havlik 2017). Thus, Ukraine has less options to recourse to, making the EU the most important incentive provider.

As for Georgia, the implementation of AA, and especially its part on DCFTA is less costly, as the country has undergone drastic trade liberalization reforms under Saakashvili. Additionally, its AA was not as elaborate and nuanced compared to that of Ukraine (Wolczuk 2018, 290). Thus, the adoption costs in the economic arena for Georgia were less perceptible. However, in the political sphere, power preservation costs in the case of Georgia and Ukraine had a somewhat different rationale. In Georgia, a full commitment to the EU

integration and flawless implementation of the EU conditions would translate into power losses for the biggest veto player in Georgian politics — Bidzina Ivanishvili — who has significantly enlarged trade and political ties with Russia and wants his country to perform a balancing act between West and East. Out of pure power preservation reasons, he and his sponsored party GD ‘cherry-picks’ EU’s conditionality by implementing some of the EU’s conditions to retain domestic popularity and insure political survival in elections, as the majority of Georgians favor their country’s potential integration with the EU (Bolkvadze 2016). As for Ukraine, the power preservation rationale of its veto players is more difficult to pin down, as there is no overarching oligarch overseeing all spheres of political life in the country (Kononczuk et al. 2018, 57-58). What is more, the experience of the Revolution of Dignity taught Ukrainian veto players an important lesson that any attempts to reverse further integration with the EU would spell trouble for them and would not be tolerated by the Ukrainian civil society (Hallgern and Solonenko 2015). Thus, the power preservation rationale for Ukrainian veto players inevitably translates into supporting the chosen path of EU integration. This is also evidenced by all recent elections in which no EU-averse political force managed to gain ground.

## Conclusions

The following paper has clearly identified that neither Ukraine nor Georgia have fully completed the process of democratic consolidation. The signing of the Association Agreement had a positive effect on the overall democratization process in both countries, as they had to align their legislation with that of the EU and enact a number of reforms to receive the rewards — liberalization of visa regime, MFAs and access to the free trade area. The AA also presupposes a full commitment to the fundamental values of the EU, such as the rule of law, human rights and freedoms which committed the signatory states to strengthening their implementation and reforming key institutions responsible for their guarantee.

Summing up the process of the democratic consolidation in Georgia and Ukraine, it becomes evident that the latter has managed to significantly consolidate and mobilize its *civil society*. The Revolution of Dignity and the signing of the AA served as an impetus for the Ukrainian civil society to no longer treat politics and civic activism separately transforming it into a key driving force in exerting pressure on the Ukrainian government to implement reforms and further the process of the EU integration. Importantly, the decentralization reform and EU's cooperation with the Ukrainian civil society has also emboldened civil society in regions, meaning that a lot of initiatives and democratic participation emanated not exclusively from the capital, but also from regional communities. While Georgia indisputably has an active civil society, its agenda does not strike a chord with the broader Georgian public and is mostly concentrated in the capital of the country. In Ukraine, democratic consolidation from 2014 till 2022 scored improvements not least due the efforts of the civil society that was emboldened by the changing geopolitical landscape,

Russia's war against Ukraine and an overarching desire to further integration with the EU. Despite being overwhelmingly in favor of Georgia's integration with the EU, Georgian civil society proved less resilient and efficient in driving forward integration with the EU due to the dominance of the GD party in nearly all spheres of public life and failure of the opposition to gain more support among Georgian citizens.

A similar pattern was revealed in the democratic consolidation of the *political society* in both countries. While Ukraine is still struggling with the institutionalization of its mostly short-lived political parties and consolidation of the political system, the Ukrainian party pluralism has nurtured competitiveness, political activism and new reforms which despite at times weak implementation, provided a strong basis for political changes. The development of Ukrainian political society largely reflects the volatile geopolitical and domestic setting that lacks stability, but provides important incentives for further democratic developments. This process is less prominent in Georgia, where the dominant position of the GD party impedes competition and later resulted in political stagnation. The United National Movement as an oppositional force has so far failed to mobilize large swaths of Georgian society. It seems that the country's civil society that should provide impetus to political society lacks momentum, consensus and capabilities to create real political alternatives.

In the arena of *rule of law*, the countries under question do not exhibit major differences. The EU, as well as other international partners have employed conditionality in order to strengthen the rule of law. However, the reforms in the judiciary and law enforcement structures have been rather institutional and have yet to be translated into real implementation. Both countries have respective institutions in place that are designed to deliver the rule of law. However, its

delivery falters due to not fully consolidated political society that still exerts influence on key law enforcement institutions and the judiciary.

In the arena of *state apparatus*, the AA also provided impetus for crucial reforms, most notably in the public administration system, public service and regional administration. The analysis of state apparatus development revealed that Ukraine has managed to achieve progress in reforming its civil service and, most importantly, its decentralization efforts that produced tangible results in the region and made the local governance more efficient. Georgia has also adopted a number of strategies to reform its state apparatus, but its impact is hard to access due to the lack of information on their implementation.

An important difference in democratic consolidation of both countries was revealed in the arena of *economic society*. While Ukraine had a less auspicious starting economic position in 2014 compared to Georgia, it has managed to put a number of reforms that improved its economic standing on the international arena. In contrast, Georgia while having unprecedentedly liberal trade policies even before the signing of the AA, has so far failed to address the socioeconomic dimension of economic society pertaining to equality, education, social gap between rural and urban areas, which, according to Linz and Stepan, must be safeguarded for sustainability of democracy.

The selected framework for analyzing democratic consolidation in Georgia and Ukraine and the impact of the EU's policy of conditionality has revealed a significant explanatory power of the external incentives model by F. Schimmelfennig and U. Sedelmeier. As a normative power composed of world's leading democracies, the EU projects an undisputed attraction and provides impetus for a successful modernisation and democratic consolidation. At the

same time, it has been revealed that the effectiveness of the EU's policy of conditionality hinges upon several factors:

One of the most important factors of the EU's conditionality policy is the *size of rewards on offer*. Its analysis in relation to Georgia and Ukraine has shown that while the EU withheld its most attractive carrot – a membership perspective – which significantly dampened its credibility, it secured its attractiveness largely through financial aid. At the same time, it failed to come up with other incentives or upgrade its association status to motivate the respective countries to comply with its conditions. Additionally, *conditions* laid down in AAs are vague and do not include timeframes or punishment mechanisms in case of non-compliance. The EU's conditionality proved to be most effective when it was tied to particular incentives and set as concrete actions, as it was exemplified in Visa Liberalization Agendas.

The study also has revealed that the EU's conditionality in the case of Ukraine was more effective due to the *lack of alternatives*. Russia's annexation of Crimea and the war in Eastern Ukraine have reshuffled both domestic and geopolitical cards. In economic terms, it translated into the loss of Ukraine's traditional markets in CIS countries. As a result, Ukraine had to reorient its economy toward the EU by complying with the conditionality set in AA and DCFTA. As for Georgia, it had less EU-oriented trade relations and has steadily improved its ties with Russia. As a result, Georgia was less reliant on good relations with the EU and less interested in complying with the set conditions, as its trade was already liberalized and enriched through cooperation with other countries. Georgia's problems were less of economic, but more of political nature. The country must, first of all, strengthen its political society and the rule of law which would go hand in hand with significant **costs** for Georgian veto

players that are not balanced by EU's incentives, as the membership perspective was not on the table. Maneuvering between West and East was, thus, the calculus of the Georgian political elite.

On the part of the EU, the policy of conditionality and its power of attraction was weakened by the *absence of more enforcing control and punishment mechanisms* which allowed the countries under question to sabotage reforms or postpone their implementation. Additionally, the *lack of unity* and a long-term strategy on further integration of Georgia and Ukraine with the EU further undermined the credibility of the EU's policy of conditionality by sending a discouraging message to the states at issue that even upon the full implementation of AA they would have to linger in the room of ENP countries with no upgraded status of their cooperation.

Another factor that impeded EU's conditionality was the presence of *veto players* in both countries. While in Ukraine the so-called "oligarchic pluralism" did not translate into an overarching influence of one particular oligarch over the whole state and nurtured competition between veto players, the unchallenged position of Ivanishvili in Georgia and his corrosive influence on all branches of power in Georgia meant that he effectively held monopoly on all key decisions. Over years, his strategy was to pay lip service to the EU by formally pursuing a further integration with the EU in an attempt to secure the support of vastly pro-EU Georgian citizens while at the same time entertaining good links with Russia. His refusal to take sides, coupled with political crises did not produce tangible democratic achievements ushering in a slow political stagnation and democratic backsliding.



In this vein, the case of Ukraine demonstrates an important lesson: a consolidated *civil society* is able to rise up against dominant veto players and exert influence on the government to adopt EU's conditionality, if the EU's agenda resonates with the broader public. This has not yet been observable in the case of Georgia, where its pro-European civil society has so far failed to exert more pressure on its Russia-leaning government or produce any feasible opposition alternative. It seems that it lacks consensus and means to voice its will and interact with the political society. Against this background, a further study on the consolidation of Georgia's civil society is needed.

The EU as a reputable normative power must improve its ENP policy, come up with credible incentives and punishment mechanisms for increasingly Russia-leaning Georgia and most importantly — add a security cooperation dimension in fostering relations with its neighbors. In this way, it can improve its record as a regional power and increase security in the region which was initially the main rationale of its Neighbourhood Policy.

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## Abstract

**Тема:** “Політика кондиціональності ЄС та її вплив на консолідацію демократії в Грузії та Україні”

**Студентка:** Гудзюк Лілія Геннадіївна

**Рік навчання, факультет:** 2 р.н., Факультет соціальних наук та соціальних технологій, спеціальність 052 «Політологія»

**Науковий керівник:** доктор політичних наук, доцент, Чабанна М.В.  
(вчений ступінь, вчене звання, прізвище та ініціали)

**Рецензент** \_\_\_\_\_  
(вчений ступінь, вчене звання, прізвище та ініціали)

Захищена “ \_\_\_\_ ” \_\_\_\_\_ 20\_ р.

### **Короткий зміст роботи:**

Дипломна робота присвячена впливу політики кондиціональності ЄС на процес консолідації демократії в Грузії та Україні з 2014р. по 2022р. Для дослідження процесу консолідації демократії в обраних країнах та ефективності політики кондиціональності методом дослідження було обрано порівняльне кейс-стаді. Наведена робота складається з п'ятьох розділів та висновків. В першому розділі визначено проблематику досліджуваної теми, мету дослідження, а також розглянуто ключову літературу. В другому розділі окреслено теоретичне підґрунтя дослідження. В третьому розділі розглянуто метод аналізу, а також подано операціоналізовану структуру дослідження на основі моделі консолідації демократії Х. Лінца та А. Степана та моделі зовнішнього заохочення Ф. Шіммельфенніга та У. Зедельмаєра. Четвертий розділ присвячений аналізу процесу консолідації демократії в Грузії та Україні на основі операціоналізованої моделі консолідації демократії Х. Лінца та А. Степана. У п'ятому розділі оцінюється ефективність політики кондиціональності ЄС за допомогою операціоналізованої моделі зовнішнього заохочення Ф. Шіммельфенніга та У. Зедельмаєра.

Таким чином, в результаті аналізу обраної теми було з'ясовано, що в процесі консолідації демократії в період з 2014 по 2022 Україна досягла більшого успіху ніж Грузія завдяки краще консолідованому

громадянському суспільстві, більш амбіційній політиці ЄС та меншому впливу гравців вето на політичну сферу життя. Ефективність політики кондиціональності ЄС в обох країнах не була вичерпана до кінця через відсутність перспективи на членство, нових заохочень, механізмів покарань за непроведення реформ, а також чітких критеріїв та показників для оцінки досягнутого успіху. Водночас ефективність політики кондиціональності також послабилася через вплив гравців вето на політичне життя обраних країн, несприятливу геополітичну та внутрішню ситуацію, а також наявністю альтернативних нагород з меншими втратами для влади.

### **Short summary**

The thesis is devoted to the impact of the EU's conditionality policy on the process of democratic consolidation in Georgia and Ukraine from 2014 to 2022. The following paper uses case study as a method to answer the research question. This work consists of five chapters and conclusions. The first chapter discusses the research topic, defines the purpose of the research, and provides a literature review on the topic. The second chapter outlines the theoretical basis of the research. The third chapter examines the research method and presents an operationalized structure of analysis based on the model of democratic consolidation by Linz and Stepan as well as the external incentives model by F. Schimmelfennig and U. Sedelmeier. The fourth chapter is devoted to the analysis of the process of democratic consolidation in Georgia and Ukraine based on the operationalized model of democratic consolidation by H. Linz and A. Stepan. The fifth chapter evaluates the effectiveness of the EU conditionality policy using the operationalized model of external incentives by F. Schimmelfennig and U. Sedelmeier.

The research showed that Ukraine has been slightly more successful in consolidating its democracy than Georgia due to a better consolidated civil society, more ambitious EU conditionality policy and less pervasive influence of veto players on the political life of the country. While Ukraine's party system is characterized by pluralism, in Georgia most power is concentrated in the hands of one party "Georgian Dream" under the influence of oligarch Bidzina Ivanishvili, which ultimately led to the gradual deterioration of all indices of democracy. The effectiveness of the EU conditionality policy has not been fully

exhausted due to the lack of a clear membership perspective, new incentives, punishment mechanisms for failure to implement reforms, as well as clear criteria and indicators for evaluating the progress. On the part of the target countries, the effectiveness of the EU's policy of conditionality is weakened by the influence of veto players on political life, the unfavorable geopolitical and domestic situation, as well as availability of alternative rewards with lower adoption costs and losses for the government in power.