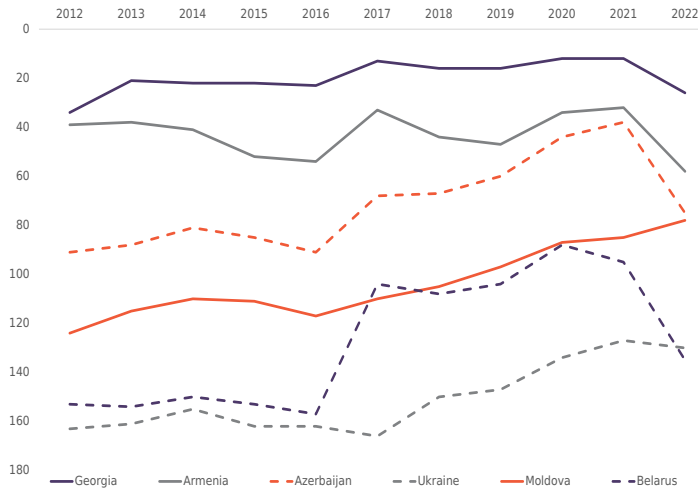


International rankings and indicators help us to understand and assess how countries are performing in different areas. In this bulletin, Georgia's positions in international rankings and the dynamics therein are reviewed based on the latest data. Georgia's positions will also be compared with other Eastern Partnership (EaP) countries (Armenia, Azerbaijan, Moldova, Ukraine, and Belarus¹).

The Heritage Foundation - Economic Freedom Index



The Economic Freedom Index published by the Heritage Foundation consists of four categories: Rule of Law, Government Size, Regulatory Efficiency, and Open Markets, which provide a comprehensive analysis of a country's economic freedom.

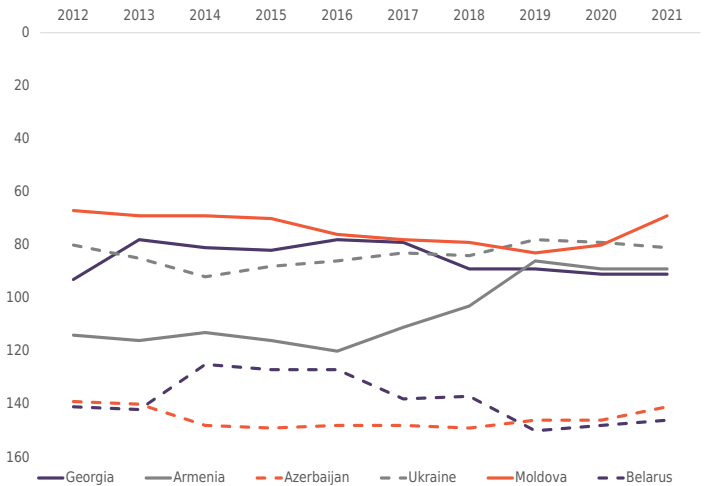
In 2021, Georgia was ranked 12th among 178 countries, retaining its 2020 position. Among the four pillars of the Economic Freedom Index, Georgia's best score in 2021 was in Government Size (87.0), while its poorest was in Rule of Law (63.6). Furthermore, compared to 2020, Georgia's score most improved in Government Size (+1.9), while it most worsened in Open Markets (-0.9).

Furthermore, Georgia keeps a leading position among EaP countries, making Georgia an exclusive "Mostly Free" country in the region. Moreover, Georgia followed a worsening worldwide trend, lowering its rank to 26th in 2022. The decline was mainly attributed to reduced business freedom and poor fiscal health. It is also important to highlight, that the country's tax burden and trade freedom performance remained stable.

The Economist Intelligence Unit - Democracy Index

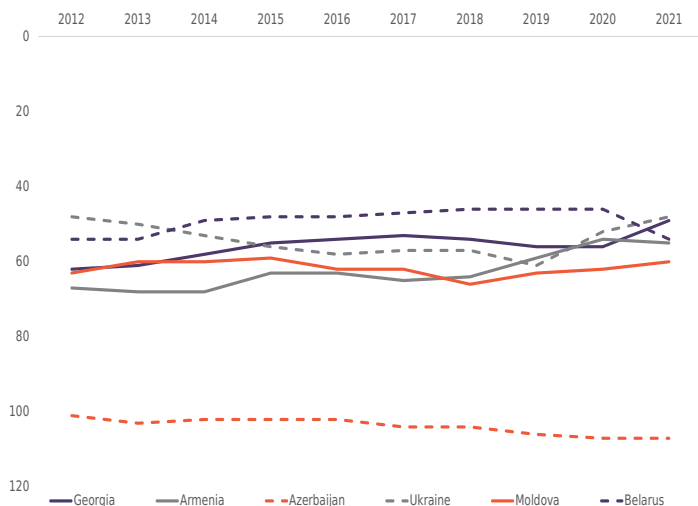
The Democracy Index published by the Economist Intelligence Unit is based on five categories (Electoral Process and Pluralism, Functioning of Government, Political Participation, Political Culture, and Civil Liberties), measuring the state of democracy within each assessed country. Based on results, each country is classified as one of four types of regime: "full democracy"², "flawed democracy"³, "hybrid regime"⁴ or "authoritarian regime"⁵.

Georgia was ranked 91st among 167 countries in the Democracy Index in 2021, retaining the 2020 spot. Accordingly, Georgia kept its classification as a "hybrid regime". Among the five categories of the Democracy Index, Georgia's best score in 2021 was in Electoral Process and Pluralism (7.42), while its poorest was in Functioning of the Government (3.57). Moreover, compared to 2020, Georgia's score has not improved in any categories, while it most worsened in Political Participation (-0.6).



It is also essential to highlight that, in 2021, Moldova performed better than any other EaP country, raising its classification to a flawed democracy, while others are classified as a hybrid regime, except Azerbaijan and Belarus, that are classified as authoritarian.

The Social Progress Imperative - The Social Progress Index



The Social Progress Index published by the Social Progress Imperative measures a country's ability to provide its citizens with social and environmental needs to enhance the quality of their lives and create the conditions for all individuals to reach their full potential. The index consists of three pillars: Basic Human Needs, Foundations of Wellbeing, and Opportunity.

Georgia was ranked 49th among 168 countries in 2021, which is improved by 7 positions compared to its position in 2020. Among the three pillars of the Social Progress Index, Georgia's best score in 2021 was in Basic Human Needs (86.49), while its poorest was in Opportunity (64.06). Furthermore, compared to 2020, Georgia's score most improved in Foundations of Wellbeing (+0.7), while it has not worsened in any pillars.

The leader in the Social Progress Index among EaP countries in 2021 was Ukraine, ranked 48th - a margin higher than Georgia. Azerbaijan performed the poorest - ranked 107th.

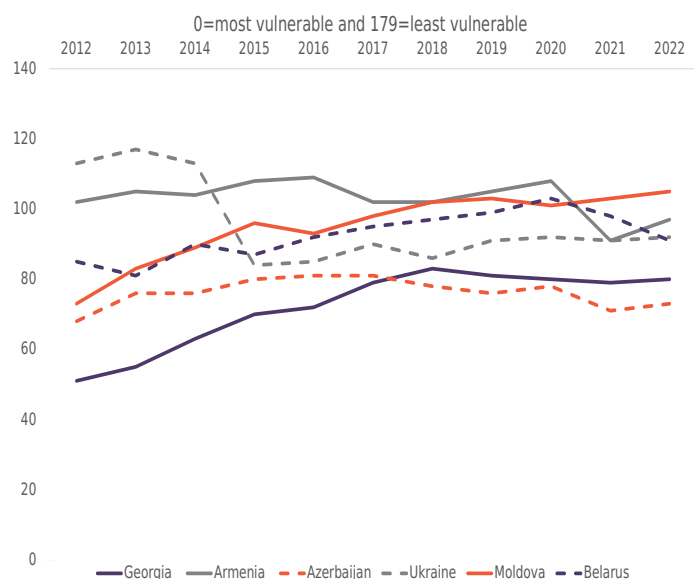
The Fund for Peace - The Fragile States Index

The Fragile States Index (FSI) is an annual assessment of 179 countries developed by the Fund for Peace. The index assesses the vulnerability of states to collapse under adverse shocks that countries face. The index consists of four indicators, including Cohesion⁶, Economic, Political, and Social and Cross-Cutting.

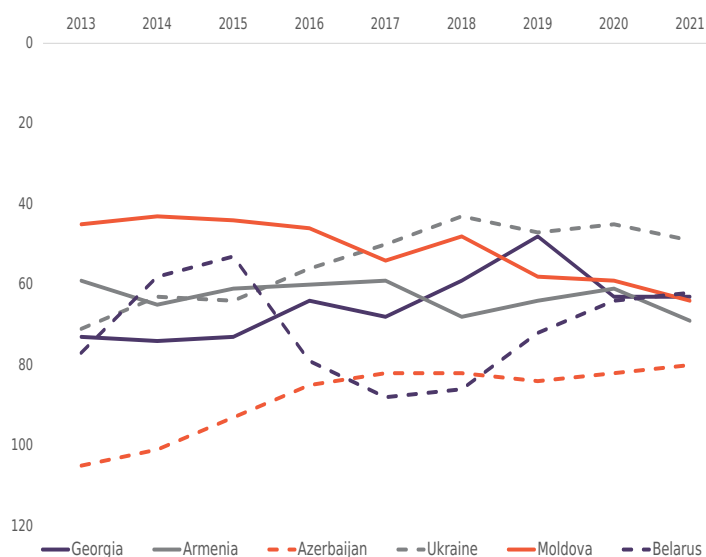
In 2021, Georgia ranked 79th among 179 countries, retaining its 2020 position. Georgia's best score in 2021 was in Cohesion Indicators (22), while its poorest was in Economic Indicators (15.6). Furthermore, compared to 2020, Georgia's score most improved in Social Indicators (+1.1), and most worsened in Cohesion Indicators (-0.6).

While Georgia was ranked penultimate among other EaP countries in 2021, Moldova (103rd) and Belarus (98th) were leaders in the region. Followings were Ukraine (91st), Armenia (91st), and further down - Azerbaijan (71st). Additionally, EaP countries are ranked closer to each other over the second half of the analyzed period of 2006-2022, while they were significantly scattered in the first half.

It is also essential to highlight that in the case of Georgia and Ukraine, drastic falls are observable in 2009 and 2014 accordingly; Georgia fell to the lowest ranking (33rd) in 2009, after the Russo-Georgian war in 2008. Similarly, Ukraine's performance worsened tremendously after the 2014 war with Russia.



World Intellectual Property Organization - The Global Innovation Index



The Global Innovation Index published by the World Intellectual Property Organization measures a country's success and capacity of innovation while assessing innovation strengths and weaknesses. The index consists of seven pillars, including Institutions, Human Capital and Research, Infrastructure, Market Sophistication, Business Sophistication, Knowledge and Technology Outputs, and Creative Outputs.

In 2021 Georgia was ranked 63rd among 132 countries, retaining its 2020 position. Among the seven pillars of the Global Innovation Index, Georgia's best score in 2021 was in Institutions (76.2), while its poorest was in Knowledge and Technology Outputs (18.1).

Furthermore, compared to 2020, Georgia's score most improved in both Business and Market sophistication (+2.1), and most worsened in Infrastructure (-1.1).

In 2021, Ukraine held first place among EaP countries, ranked 49th, while Azerbaijan traditionally performed the poorest - ranked 80th.

Overall, Georgia's performance in the reviewed international rankings in 2021 has been somewhat stable. In 2021, compared to 2020, Georgia retained its position in every given index, except the Social Progress Index, in which Georgia improved its position significantly. However, it is essential to highlight that Georgia has lost its drive as general YoY performance improvements in some of the discussed indexes have been inferior in 2021.

Furthermore, Georgia traditionally keeps its leading position in the Economic Freedom Index among EaP countries, while it is second in the Social Progress Index. On top of that, Georgia holds a place in the upper half of EaP countries rankings in the Global Innovation Index. However, Georgia is in the lower half of the EaP countries rankings in the Democracy and Fragile States Indexes.

1. As of June 2021, Belarus has suspended its participation in the EaP. (<https://www.consilium.europa.eu/en/policies/eastern-partnership/belarus/>).
2. Countries in which not only basic political freedoms and civil liberties are respected, but which also tend to be underpinned by a political culture conducive to the flourishing of democracy.
3. These countries also have free and fair elections and, even if there are problems (such as infringements on media freedom), basic civil liberties are respected.
4. Elections have substantial irregularities that often prevent them from being both free and fair. Government pressure on opposition parties and candidates may be common.
5. In these states, state political pluralism is absent or heavily circumscribed. Many countries in this category are outright dictatorships.
6. Cohesion Indicators include: Security Apparatus, Factionalized Elites, and Group Grievance.

Basic Economic Indicators	2019	2020	2021	2022 Q1	2022 Q2
Nominal GDP (mIn USD)	17 470.7*	15 888.1*	18 700.1*	4 610.4*	-
GDP per Capita (USD)	4 696.2*	4 274.6*	5 015.3*	1 249.9*	-
GDP Real Growth (%)	5.0%	-6.2%*	10.4*	14.9*	-
Inflation	4.9%	5.2%	11.8%	13.2%	13%
FDI (mIn USD)	1 335.8*	572.0	1 152.8*	568.2*	351.8*
Unemployment Rate (%)	17.6%	18.5%	20.6%	19.4%	18.1%
External Debt (mIn USD)	5 741	7 535	7 956	7 751	-
Poverty Rate (relative)	20.1%	19.7%	18.9	-	-

*preliminary data



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Giorgi Khishtovani

Research Director

g.khishtovani@pmcginternational.com

Sopho Basilidze

Researcher

s.basilidze@pmcginternational.com

Shota Matcharashvili

Intern

sh.matcharashvili@pmcginternational.com