Georgia's Path from Association to Candidate Status: Practices and Challenges in Social Policy and Employment

საქართველოს გზა ასოცირებიდან კანდიდატის სტატუსამდე: პრაქტიკა და გამოწვევები სოციალურ პოლიტიკასა და დასაქმებაში

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Abstract

Introduction. This article evaluates the legislative and institutional reforms implemented in Georgia's social policy and employment sector between 2014 and 2023, spanning from the signing of the EU-Georgia Association Agreement (AA) to the granting of EU candidate status. The primary research question explores the extent to which the approximation of domestic legislation with European Union standards has translated into practical outcomes - specifically examining the gap between formal alignment and implementation in practice. **Methodology**. Grounded in the theoretical framework of Europeanization, this study utilizes content analysis of official documents and academic literature. The analysis covers Chapter 14 and Annex XXX of the Association Agreement, the Association Agenda, national action plans, European Commission reports, and data from state agencies. **Results:** Georgia has achieved significant legislative and institutional progress, notably through the update of the Labor Code and the establishment of the State Employment Support Agency. While the unemployment rate decreased in 2021-2023, it remains high. Legislative amendments have proven necessary but insufficient: critical challenges persist regarding the effectiveness of social protection, support for vulnerable groups, and the mismatch between skills and labor market demands. **Conclusion:** The actual implementation of European standards requires a coherent institutional cycle incorporating situational assessment, monitoring, the identification of emerging challenges, and the development of mitigation mechanisms, alongside robust coordination among responsible agencies. Europeanization must not be confined to the formal approximation of legislation; rather, European standards must translate into tangible improvements in the daily lives of citizens.

Keywords: EU candidate status, European integration, Association Agreement, Europeanization, social policy, employment policy.

აბსტრაქტი

შესავალი. სტატია აფასებს საქართველოს სოციალური პოლიტიკისა და დასაქმების სფეროში 2014-2023 წლებში, ევროკავშირთან ასოცირების შეთანხმების (AA) ხელმოწერიდან კანდიდატის სტატუსის მინიჭებამდე, განხორციელებულ საკანონმდებლო და ინსტიტუციურ რეფორმებს. კვლევის მთავარი კითხვაა, რამდენად აისახა კანონმდებლობის ევროკავშირის სტანდარტებთან დაახლოება პრაქტიკულ შედეგებზე, ანუ რა განსხვავებაა ფორმალურ დაახლოებასა და რეალურ განხორციელებას შორის. **მეთოდოლოგია:** კვლევა ევროპეიზაციის თეორიულ ჩარჩოს ეყრდნობა და იყენებს ოფიციალური დოკუმენტებისა და აკადემიური ლიტერატურის კონტენტ-ანალიზს. გაანალიზებულია ასოცირების შეთანხმების მე-14 თავი და XXX დანართი, ასოცირების დღის წესრიგი, ეროვნული სამოქმედო გეგმები, ევროკომისიის ანგარიშები და სახელმწიფო უწყებების მონაცემები. **შედეგები:** საქართველომ მნიშვნელოვან საკანონმდებლო და ინსტიტუციურ პროგრესს მიაღწია: განახლდა შრომის კოდექსი და შეიქმნა

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დასაქმების ხელშეწყობის სახელმწიფო სააგენტო. უმუშევრობის დონე 2021-2023 წლებში შემცირდა, თუმცა კვლავ მაღალია. საკანონმდებლო ცვლილებები აუცილებელი, მაგრამ არასაკმარისი აღმოჩნდა: გამოწვევად რჩება სოციალური დაცვის ეფექტიანობა, მოწყვლადი ჯგუფების მხარდაჭერა და უნარებსა და შრომის ბაზრის მოთხოვნებს შორის შეუსაბამობა. **დასკვნა:** ევროპული სტანდარტების რეალური დანერგვა მოითხოვს თანმიმდევრულ ინსტიტუციურ ციკლს: მდგომარეობის შეფასებას, მონიტორინგს, ახალი გამოწვევების გამოვლენასა და მათი დაძლევის მექანიზმების შემუშავებას, ასევე პასუხისმგებელ უწყებებს შორის კოორდინაციას. ევროპეიზაცია არ უნდა შემოიფარგლოს კანონმდებლობის ფორმალური დაახლოებით – ევროპული სტანდარტები მოქალაქეების ყოველდღიურ ცხოვრებაში უნდა აისახოს.

საკვანძო სიტყვები: ევროკავშირის კანდიდატის სტატუსი, ევროპული ინტეგრაცია, ასოცირების შეთანხმება, ევროპეიზაცია, სოციალური პოლიტიკა, დასაქმების პოლიტიკა.

1. Introduction

The signing of the Association Agreement with the European Union (hereinafter referred to as the AA) on June 27, 2014, marked the transition of Georgia into a new phase of development. This transition confronted the country with the imperative of implementing comprehensive legal, social, and economic reforms. Throughout the gradual execution of commitments undertaken within the framework of the Association Agreement, the country has achieved substantial progress toward closer alignment with the European Union.

In the realm of social policy and employment, Chapter 14 (specifically Articles 348–354) and Annex XXX of the Association Agreement obligated Georgia to progressively approximate its national legislation with EU law. These obligations encompassed labor law, anti-discrimination and equal treatment, and occupational health and safety (Association Agreement, 2014, Chapter 14, Arts. 348–354, Annex XXX). Furthermore, under Article 229 of the Association Agreement, Georgia committed to promoting the effective implementation of core labor standards and reflecting relevant ILO conventions within its domestic legislation and practice. Concurrently, the Association Agenda mandated Georgia to improve its social policy by strengthening social protection systems and tripartite social partnerships, while ensuring effective enforcement mechanisms for their implementation (Association Agenda, Para. 5.12).

Within the framework of the Association Agreement, the Europeanization process is not confined solely to the approximation of legislation; it also entails the development of national action plans and the monitoring of their effective execution (EU-Georgia Association Council, Association Agenda between the European Union and Georgia, 2017 Agenda; Monitor implementation and results of the Labour Market Strategy 2020-2023). In turn, the annual national action plans define the reforms to be implemented and the specific operational directions. Evaluating the fulfillment of commitments undertaken through the Association Agreement via concluding documents - such as the Association Implementation Report on Georgia (European Union, 2020) - helps identify and prioritize subsequent actions, while also highlighting ongoing challenges.

This study examines the state of Georgia's social policy and employment sector within the scope of the Association Agreement, tracking the timeline from the agreement's inception to the granting of candidate status. It analyzes the modifications introduced by the state in this domain, as well as the contemporary challenges confronting the sector in the wake of these reforms and structural changes. The chronological framework of this study spans from 2014 to 2023. Political developments unfolding from 2024 onward, which led the European Commission to assess Georgia's accession process as de facto stalled (European Commission, 2024), fall outside the scope of this paper and warrant separate scholarly investigation.

2. Methodology and Theoretical Framework

This study is based on secondary data analysis and a desk review of relevant policy documents. The analysis focuses on the fulfillment of commitments undertaken within the framework of the Association Agreement and the subsequent legislative amendments introduced on their basis. Matters of practical implementation are evaluated through an analysis of the scrutinized legislation, Association Agendas, national action plans, strategic documents and reports from Georgian state agencies, and data provided by the State Employment Support Agency.

The study is grounded in the theoretical framework of Europeanization. According to Börzel and Risse, the influence of the European Union on domestic policies and institutions manifests when there is a misfit between European and national rules, whereas the magnitude of domestic change is determined by internal mediating factors - namely institutional capacity, veto players, and political culture (Börzel & Risse, 2003). Furthermore, Schimmelfennig and Sedelmeier’s external incentives model posits that conditionality serves as the primary driver for non-member states to adopt EU rules: the clearer and more credible the accession perspective, the higher the likelihood of reform implementation (Schimmelfennig & Sedelmeier, 2004).

To differentiate between formal alignment and practical compliance, the study draws on Falkner and Treib's concept of the "world of dead letters" - a state wherein EU standards are successfully transposed into domestic legislation but fail to be properly enforced in practice due to weak inspection mechanisms and administrative capacity constraints (Falkner & Treib, 2008). This conceptual framework directly shapes the primary research question of this paper: to what extent has the approximation of Georgia's social policy and employment legislation with EU standards translated into tangible, practical outcomes.

3. Results and Discussion

Following the conclusion of the Association Agreement, Georgia underwent numerous significant transformations in the realm of social policy and employment, encompassing both legislative convergence and institutional development. The objective of this study extends beyond merely compiling a catalog of these modifications. Instead, the analysis focuses on the sequential processes that entail legislative approximation, practical implementation, and the continuous evaluation and monitoring of outcomes (Association Agreement, 2014, Article 419, Para. 1, “Monitoring of approximation”).

3.1 The Social Policy and Employment Sector in Georgia under the Association Agreement

By signing the Association Agreement (AA) between Georgia and the European Union (Association Agreement, 2014), Georgia introduced a novel legal paradigm from the outset and undertook the commitment to progressively approximate its national legislation with the EU acquis (EUR-Lex, n.d.). This mandate encompasses reinforcing social protection systems, strengthening mechanisms for the protection of labor rights, regulating occupational health and safety issues, and improving employment policy within the country. To implement these changes, the Association Agreement obligates Georgia to introduce practical reforms and execute concrete measures within the social policy and employment sector. Pursuant to Article 348 of the Association Agreement, the parties cooperate to ensure decent work conditions: "The Parties shall enhance dialogue and cooperation on promoting the Decent Work Agenda, employment policy, health and safety at work, social dialogue, social protection, social inclusion, gender equality and non-discrimination, and corporate social responsibility" (Association Agreement, 2014, Art. 348).

Following the signing of the Association Agreement, Georgia took a number of progressive steps toward approximating its legislation in the realm of social policy and employment. The first action plan was formulated in 2014 (Ministry of Foreign Affairs of Georgia, 2014), providing the Government of Georgia and its respective agencies with a single operational year for its execution. Within the scope of this initial agenda, short-term priorities were outlined, and the European Union itself became actively involved in funding matters.

A chronological review of annual reports since 2014 demonstrates that despite numerous successful reforms implemented by the state, Georgia’s social policy and employment sector confronted emerging challenges at the close of each consecutive year. The new challenges identified through evaluations of the annual reports - which were based on the national action plans - further underscored the necessity for new initiatives and the active involvement of other public institutions. Moreover, the 2019 EU-Georgia Association Implementation Report noted that while Georgia had indeed achieved certain progress in the social policy and employment sector in 2018, significant challenges remained: "The unemployment rate remains high (13.9% in 2017)" (European Commission & High Representative of the Union for Foreign Affairs and Security Policy, 2019, p. 14, author's translation).

Given that Georgia's legislation in this sector had drawn significantly closer to EU standards, the overall situation underscored the necessity of executing actions in a more practical and effective manner. Over time, the imperative to focus on several key operational areas became apparent, including strengthening social dialogue, fostering quality employment, advancing vocational retraining, promoting proactive cooperation between employers and employees, and introducing robust state programs. In light of these considerations,

the state decided in 2019 to restructure the system under the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia, which entailed the establishment of several specialized entities. Among these was the creation of the LEPL State Employment Support Agency, aimed at redistributing and delineating administrative functions to enhance institutional efficiency (Government of Georgia, 2019).

The LEPL State Employment Support Agency assumed responsibility for pre-existing state services in this domain, integrating them into a distinct institutional framework. The agency adopted the role of an intermediary between employers and job seekers, launched numerous programs, and took over the development of the Worknet electronic employment platform, enabling job seekers to register for vacancies and connect with employers. Furthermore, the agency initiated regular labor market supply-and-demand assessments through annual studies and undertook the systematic organization of employment forums.

The measures implemented by the LEPL State Employment Support Agency contributed to achieving notable progress in the domain of employment policy. In September 2020, amendments were introduced to the Labor Code, which entered into force on January 1, 2021, aimed at improving labor rights. Naturally, this development was recognized in the European Commission's evaluation documentation; as stated in the Association Implementation Report on Georgia: "In January 2021, the amended Labor Code entered into force, providing for improved labor rights, health, and safety at work" (European Commission & High Representative of the Union for Foreign Affairs and Security Policy, 2022, p. 13, author's translation).

While evaluating the numerous successful measures implemented within Georgia's social policy and employment sector indicates a positive dynamic in the process, the scope of this study extends beyond mere process analysis. Alongside highlighting the existing progress, a critical objective of this research is to delineate the underlying systemic challenges, thereby ensuring that the process of approximation with the European Union can proceed more effectively.

Although the Enlargement Policy Report of November 8, 2023 (European Commission, 2023) recognized that Georgia had taken a number of progressive steps, the sector continues to face major challenges. The same document explicitly emphasizes the necessity of further approximating Georgian legislation with European Union standards. The government must intensify its efforts toward the ratification of relevant International Labour Organization (ILO) conventions. Georgia must fully align its national regulatory framework with the EU acquis.

Georgia’s acquisition of candidate status has further heightened the relevance of incorporating EU primary law provisions, including the social objectives established under Article 9 of the Treaty on the Functioning of the European Union (TFEU). The definition and implementation of the Union's policies and activities mandate the consideration of requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training, and protection of human health (Treaty on the Functioning of the European Union [TFEU], 2016, Art. 9).

In its Opinion of June 17, 2022, the European Commission recognized Georgia's European perspective and outlined 12 priorities for granting candidate status (European Commission, 2022). The subsequent June 2023 stocktaking report noted that Georgia had fully addressed three out of the twelve priorities and that, despite legislative approximation efforts, enhanced commitment was required (Civil.ge, 2023). On November 8, 2023, the European Commission recommended granting Georgia candidate status (European Commission, 2023), which was officially bestowed by the European Council on December 14, 2023 (European Council, 2023). Ultimately, the conferral of EU candidate status upon Georgia in 2023 - coupled with the introduction of new, more stringent monitoring mechanisms in subsequent reports - has underscored the vital importance of the next steps to be undertaken in the social policy and employment sector.

3.2 The Development of Georgia's Social Policy and Employment Sector from Association to Candidate Status (2014-2023)

Between the inception of the Association Agreement and the granting of candidate status (2014 -2023), significant legal and institutional reforms were implemented, driving the process of approximating Georgia's social policy and employment sector with European Union standards.

This reform phase was initiated with the strengthening of labor legislation. Subsequently, the state further reinforced its institutional mechanisms in the domain of employment policy; this was reflected in the launch of the State Employment Support Agency in 2020, which has played a vital role in facilitating communication between job seekers and employers. Numerous programs were introduced, and the service

delivery process was transitioned into a digital format. Furthermore, the agency organized employment forums that effectively enhanced access to labor opportunities.

4. Conclusions and Recommendations

Within the 2014–2023 timeframe, a significant achievement lies in the fact that approximation with the European Union was progressively reflected not only in Georgia's legislation but also in the capacity-building of relevant state institutions. A notable milestone was the critical legal amendment of 2020: the adoption of the Law of Georgia "On Labor Inspection" (Law of Georgia on Labor Inspection, 2020, September 29, Tbilisi, N7178-Is). This law defined the functions of the labor inspection and ensured the effective application of labor norms. However, the processes of change were not limited to formal legislative updates alone; a vital indicator of practical compliance was the series of inspections carried out in 2023 based on the Law on Labor Safety, totaling 3,765 inspections (LEPL Labor Inspection Service, 2023, p. 3). While these data underscore the operational functionality of institutional mechanisms, the study reveals that despite these positive trends, the legal and institutional modifications implemented in Georgia’s social policy and employment sector have been insufficient to overcome entrenched social challenges. For instance, the deficiency in social protection mechanisms remains insurmountable, alongside inadequate support for vulnerable groups and a persistent mismatch between skills and labor market demands (skills mismatch) (International Labour Organization [ILO], n.d.-b). Statistical data corroborate this reality: although the unemployment rate decreased from 20.6% in 2021 to 16.4% in 2023, it remains at an elevated level (National Statistics Office of Georgia [Geostat], n.d.).

Consequently, this document provides a basis for delineating the core recommendations aimed at addressing the prevailing challenges within Georgia's social policy and employment sector and fostering further alignment with European Union standards.

To achieve greater success and progress in the social policy and employment sector, the implementation of the following steps is recommended:

1. Delineation and Effective Implementation of Formal Alignment and Practical Compliance Mechanisms: To ensure that legislative amendments translate into real social and economic outcomes, it is crucial to explicitly differentiate between legal transposition and practical execution mechanisms and workflows.

2. Strengthening State Institutional Capacity: For effective policy planning, implementation, and evaluation, the development of institutional capacity is critical. This includes reinforcing the human and administrative resources of the Labor Inspection Service to guarantee the practical enforcement of legislative norms.

3. Aligning Employment Policy with Real Labor Market Demands: The development of employment policies must be more firmly grounded in the actual demands and requirements of the labor market. This requires continuous monitoring of market dynamics, as well as periodic and systematic evaluations of state programs. These evaluation processes should incorporate enhanced practical mechanisms to facilitate the timely identification of operational shortcomings.

4. Periodic Evaluation of Implemented Reforms: A systematic evaluation framework should be established to assess the extent and positive impact of implemented reforms on employment rates, working conditions, and the socio-economic well-being of citizens. For this purpose, it is advisable to introduce result-oriented performance indicators (e.g., tracking the employment rates of state program participants 6 and 12 months post-completion).

5. Ratification of International Labor Standards: Georgia has ratified 8 out of the 10 fundamental International Labour Organization (ILO) conventions (ILO, n.d.-a). According to current ILO NORMLEX data, Georgia has not yet ratified the Labour Inspection Convention (C81), nor the Occupational Safety and Health Conventions (C155 and C187) (International Labour Organization, n.d., NORMLEX: Ratifications for Georgia). It is highly recommended to proceed with the ratification of the Occupational Safety and Health Conventions (C155, C187), the Labour Inspection Convention (C81), the 2014 Protocol to the Forced Labour Convention, and the Violence and Harassment Convention (C190), which directly aligns with European Union requirements (European Commission, 2023, November 8, Georgia Report).

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