

HIGH TOURISM NUMBERS DRIVE
CONSTRUCTION, INVESTMENT

THE BEST MINDS IN THE
BUSINESS: FAMOUS
ECONOMISTS WEIGH IN ON
GEORGIA

THE GEORGIAN ECONOMY:
A REVIEW OF 2017 AND THE
VIEW LOOKING FORWARD

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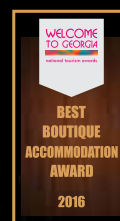
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Highways, Bridges and Tunnels:
Georgia's Pledge to Build



"After the art therapy program visit, the Second Lady enjoyed lunch at the Vinotel Restaurant with United States Marines who represented both the Marine Security Guard Detachment and Marines from the Georgia Deployment Program" www.whitehouse.gov, issued on: August 1, 2017

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Mohed Altrad, French-Syrian businessman, Forbes #1,290

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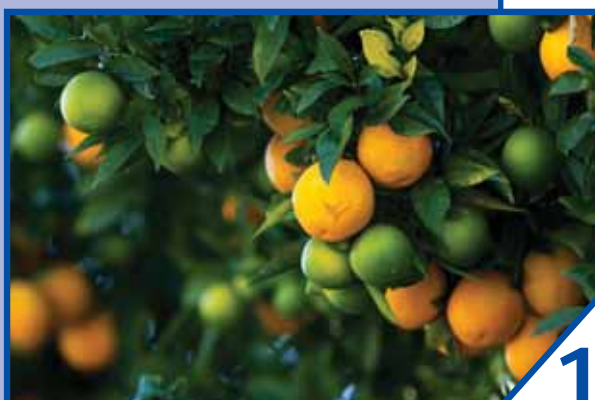
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INVESTMENT NEWS

INVESTOR.GE PROVIDES A BRIEF UPDATE ON INVESTMENTS AND CHANGES IN GOVERNMENT POLICY THAT COULD IMPACT THE BUSINESS ENVIRONMENT. THE INFORMATION IN THIS ISSUE WAS TAKEN FROM AGENDA.GE, A GOVERNMENT SUPPORTED WEBSITE, AND OTHER SOURCES.

SILKNET TO SET TO ACQUIRE GEOCELL

Internet service provider Silknet has reached a deal to purchase Geocell for \$153 million, subject to the approval of the Georgian National Communications Commission. Silknet agreed on the deal with Geocell's shareholders, Telia Company and Turkcell.

GEORGIA RANKED 5TH IN WORLD FOR BUDGET TRANSPARENCY

The Open Budget Survey 2017 has ranked Georgia fifth out of 115 nations in terms of budget transparency, participation and oversight. Georgia's score was 82 out of 100, just three points below Norway. The top three countries were New Zealand, South Africa and Sweden. The score, which is based on an assessment of 119 indicators, indicates Georgia is becoming better in all three areas. The country's score for public participation – 22 out of 100 – indicated that more work is needed, the report said.

GEORGIA-CHINA TRADE DEAL GOES INTO EFFECT

The free trade deal between Tbilisi and Beijing went into effect on January 1, opening a market of 1.4 billion consumers to customs-free Georgian wine, mineral waters, honey, tea, fruit, vegetables and agricultural products.

Trade between China and Georgia has been increasing over the years, especially the export of Georgian wine. In 2017, 7,585,407 bottles were exported to China, according to the Georgian National Wine Agency, a 43 percent increase from 2016 sales.

PM NAMES NEW BUSINESS OMBUDSMAN

Georgian Prime Minister Giorgi Kvirikashvili has named Irakli Lekvinadze as the country's business om-

budsman, the gov.ge website reported on January 25. Lekvinadze previously served as a deputy mayor and as a vice president of the Association of Young Financiers and Businessmen.

OVER 4 MILLION PASSENGERS AT GEORGIAN AIRPORTS IN 2017

In 2017, there was a 43 percent increase in the number of passengers who flew into Georgia's three international airports as compared to 2016. Over three million passengers traveled through Tbilisi International Airport, a 40.47 percent increase from 2016; similar increases were registered at Batumi International Airport (a 58.69 percent increase) and David Aghmashenebeli Kutaisi International Airport (a 49.31 percent increase). There was also an increase in passengers in rural airports: 72.19 percent at Queen Tamar Airport in Mestia, Svaneti region and 1,723 passengers were registered at Georgia's newest airport, Ambrolauri airport in Racha.

EXPORTS GREW IN 2017

Georgia's exports increased by 29.1 percent in 2017, according to Geostat, Georgia's national statistics body. The country's exports were worth \$2.72 billion in 2017. Imports grew by 9.4 percent.

GOVERNMENT TO SUBSIDIZE YOUTH EMPLOYMENT

The Georgian government has announced it will pay half the salary for young workers for the first four months of their employment, agenda.ge reported on January 16. The program, which started on January 15, has a budget of 700,000 lari (approximately \$275,000), and will provide a monthly salary of no more than 470 lari per participant. The program requires the employers to offer the young workers a contract for a

minimum of ten months; for six months the company is obligated to pay the entire salary.

GEORGIA LAUNCHES AUTOMATIC VAT RETURNS

The Georgian Finance Ministry has started a new system to allow VAT returns in 5-7 days.

The system allows business owners to fill out an electronic application and avoid any additional bureaucratic hurdles. "As a result of the implementation of this reform in the next few years,

an additional 600 million GEL will be available in the private sector, which will be an important stimulus for business development. This means that entrepreneurs will be able to reduce the cost of products, improve their quality and become more competitive," Georgian Finance Minister Mamuka Bakhtadze told journalists. Bakhtadze stated that the timely and simple return of VAT surplus without any bureaucracy-related challenges is "especially important" for small- and medium-sized businesses, agenda.ge reported.

U.S. STATE DEPARTMENT CLASSIFIES GEORGIA AS A "SAFE" DESTINATION

Georgia has been given a level 1 rating by the U.S. State Department, the safest rating for international travel.

In the region, Armenia was also granted a level 1 rating; Azerbaijan was given a level 2 rating, which calls for "exercising increased caution," and both Russia and Turkey were given level 3 ratings, which mean the U.S. government recommends avoiding travel due to "serious risks to safety and security."

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The Best Minds in the Business: Famous Economists Weigh in on Georgia

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For the first column in the series, we spoke with two economists: Daniel Lacalle, a Professor of Global Economy, a Chief Economist at Tressis and the author of the bestsellers “Escape from the Central Bank Trap,” “The Energy World Is Flat” and “Life In The Financial Markets”; and Sarah Rose, a Policy Fellow at the Center for Global Development.

We asked Daniel Lacalle, who has a PhD in Economy and is a fund man-

ager and a CIIA financial analyst, two questions: how can Georgia develop its capital market and what should Georgia do about its trade imbalance?

Lacalle on how to develop a capital market: Georgia can develop a capital market quite efficiently by attracting international banking through a competitive tax incentive scheme, and putting in place a number of legislative measures that ensure investment security, legal certainty and predictable regulation. It

could do so by establishing “free investment zones” that operate under U.S. or UK legislation or establishing solid long-term cooperation agreements with Japan, Russia, the U.S., China and the UK as an attractive investment hub. Georgia could be a hub to unite investment from countries that may seem separate today, but see Georgia as an opportunity.

Lacalle on correcting trade imbalance: Devaluing is a poor and ineffective way to be competitive. Imports become more expensive, and rising inflation works against the attractiveness of Georgia as an investment opportunity. Devaluing does not work in an open economy that depends on imports as much as Georgia does. It negatively impacts gross capital formation and internal demand as the currency’s purchasing power falls. What Georgia needs to boost exports is more added-value capital expenditure, stronger industries and less reliance on export of low added-value goods. Georgia shows an incredible opportunity to boost high added-value industries by attracting foreign investment. The trade deficit is not due to a strong currency, but due to the fact that Georgia exports low to mid added-value products and imports high-margin machinery and equipment. Georgia, as some European countries did, has the possibility of turning this around, opening its market so that added-value products are manufactured in the country. It has many advantages in a well-educated population, excellent location close to high-growth markets and a privileged availability of office space and plant locations. Georgia is a land of opportunity and can grow exponentially by making small adjustments to its economy.

We asked Sarah Rose, who has studied the process of transitioning middle-income countries from grant assistance to other development in- ►►



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► struments, about the common challenges developing countries face as they are transitioning toward sustainable growth and how countries move away from development aid.

Sarah Rose on challenges transitioning economies face: Had you asked this question 30 years ago, I suspect you might have gotten a more definitive answer. In the 1990s, the Washington Consensus prescribed a “standard” economic reform package to promote growth and correct financial crises and market distress. Today, the simplicity of the Washington Consensus has given way to a more nuanced view that recognizes the viability of multiple development models, including—with due reference to robust growth in China and India—the “Beijing Consensus,” which emphasizes state-led, export-powered growth, and the “Mumbai Consensus,” that focuses on boosting domestic consumption and pursuing service-oriented industries. The point is, development success is going to emerge from policies relevant to particular local political and economic contexts.

That said, developing and emerging economies do often face challenges in some broadly similar categories like governance, policy and regulatory environment, infrastructure, and human capital development. Though these factors do not constrain growth in the same way across countries, some appear to be more common challenges. A number of



“Aid’s role in developing economies—particularly middle-income economies like Georgia’s—is diminishing.”

donors, including the MCC and USAID, as well as many of the multilateral donors, work with countries to undertake growth diagnostics (based on the model developed by Hausmann, Rodrik, and Velasco) to identify a country’s binding constraints to growth. The MCC summarized the findings of its growth diagnostics across 30 low and lower middle-income countries and found that governance (e.g., regulatory quality, rule of law) emerged as a constraint in over two-thirds of them.

Other common constraints were found in transport, energy, and education—the latter two of which emerged as binding constraints for Georgia in the country’s 2011 growth diagnostic. Even with these commonalities, however, what

gives rise to those constraints—be it the policy environment, institutions, social context, or other factors—will vary by country, as will, necessarily, the approaches to address those constraints.

Sarah Rose on countries moving away from foreign aid: Aid’s role in developing economies—particularly middle-income economies like Georgia’s—is diminishing. Private capital flows to Georgia have increased substantially over the past decade and are now on the order of 10 times greater than aid flows, which have declined in that same time period.

When looking at transitioning away from grant-based donor assistance, past experience suggests that four criteria are important for a successful transition: (1) a sustained source of non-donor resources to finance continued progress toward development objectives, (2) sustained technical and managerial capacity, (3) a conducive policy and regulatory environment, and (4) sustained motivation and commitment to pursue the identified objectives. As Georgians—in government, civil society and the private sector—work with donors to plan an eventual transition away from grant-based assistance, part of the process will be to assess the extent to which there may be gaps along these lines in areas that currently receive donor funding, and then determine the locally based actors and locally relevant approaches to address them.

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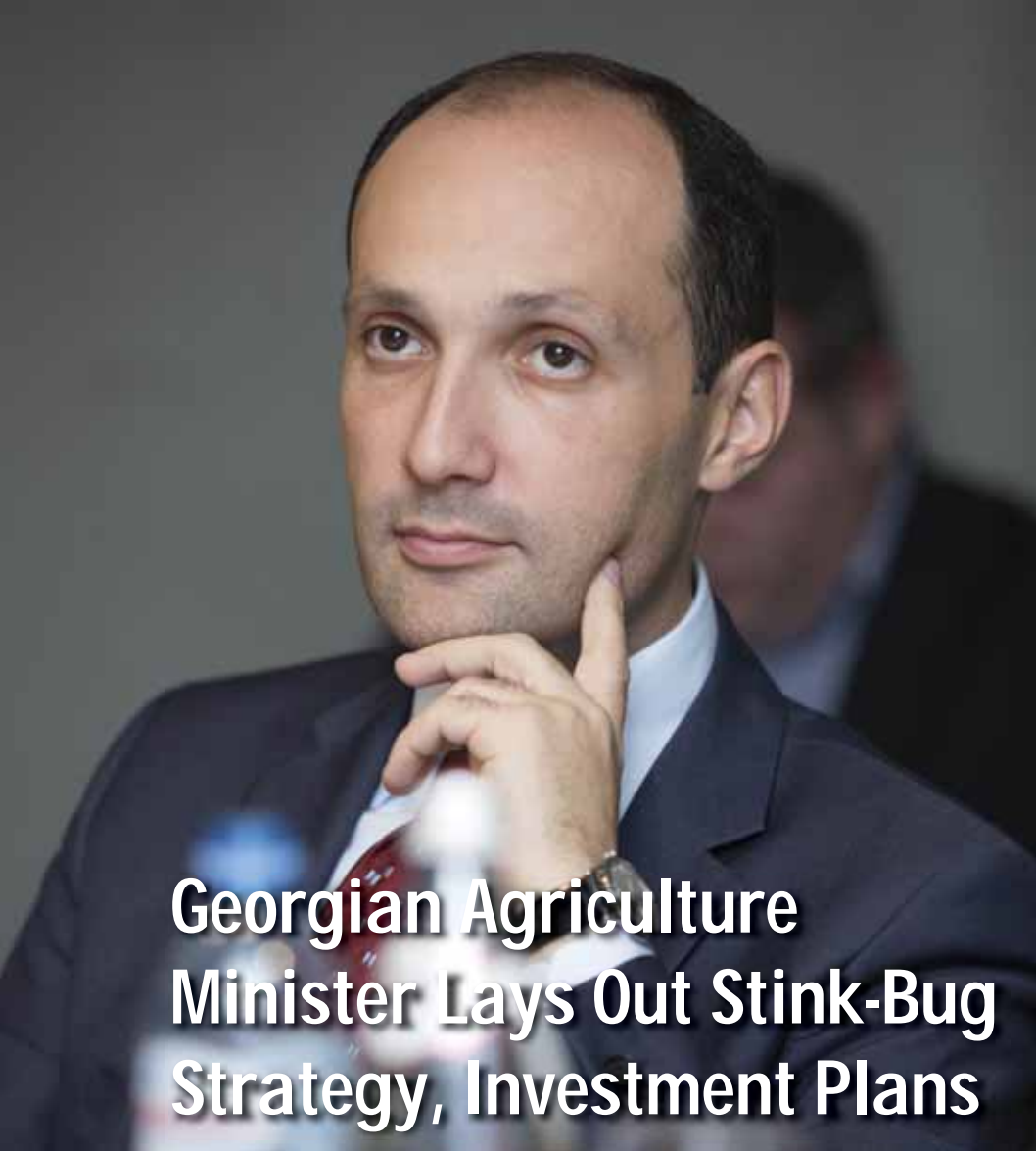
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Georgian Agriculture Minister Lays Out Stink-Bug Strategy, Investment Plans

GEORGIAN AGRICULTURE MINISTER LEVAN DAVITASHVILI SPEAKS ABOUT THE MEASURES IN PLACE TO PROTECT FARMERS AND CROPS FROM THE ASIAN STINK BUG THIS YEAR AND DETAILS THE MINISTRY'S PLANS TO DEVELOP THE COUNTRY'S AGRICULTURE SECTOR AND TO ADAPT TO ITS EXPANDED ENVIRONMENTAL PROTECTION DUTIES IN 2018.

LIKA JORJOLIANI

There was no shortage of success stories for Georgian agriculture last year, as the country increased the quality and quantity of its agricultural exports to Europe—and beyond. In addition, the portfolio of the Ministry was expanded to include environmental protection.

2017 also brought its own challenges, however, largely in the form of the Asian

stink bug, which decimated crops in western Georgia before making its way east toward the capital and Kakheti, the heart of Georgian wine country.

Today, however, the Georgian Ministry of Agriculture is armed with a strategy and the funds to battle the stink bugs—and it is committed to a strategy to bolster farmers in communities and collectives around the country, Agriculture and Environmental Protection Minister Levan Davitashvili told *Investor.ge*.

A NEW ENEMY

Asian stink bugs were a new challenge for Georgian farmers in 2017, infesting crops in western Georgia and destroying harvests in breakaway Abkhazia as well as Samegrelo and Guria.

Davitashvili noted that the country learned a lot from the experience, which was the first time the stink bugs had been observed in Georgia.

“The Government of Georgia developed a project, ‘Strategy for fighting against stink bugs in 2018,’ which delineates three main directives: an active informational campaign, large-scale monitoring, and preventive measures (chemical processing),” he said.

The Georgian Finance Ministry has allocated 35 million lari to combat the Asian stink bug problem, funds that have been spent on pesticides and the necessary equipment to deliver it to farmers. Spraying will start in 2018, the Minister said, noting that Asian stink bugs will likely start being visible in April.

International donors, including the U.S. government’s USAID and the EU, have contributed funding for tractors and spraying equipment, he said.

In addition, the Ministry has unveiled a monitoring program and is working through various international formats to help farmers in Abkhazia. While the de facto republic is not currently under Tbilisi’s control, the people living there are “still our citizens,” Davitashvili noted, and every effort is being made to help them.

He added that, since the stink bugs do not have any natural predators in Georgia, the only way to get rid of them is through pesticides and proactive efforts on the ground to stop them from spreading.

To create new resources to help farmers, the Ministry has created a laboratory in the western province of Guria

to “monitor parasites and biological enemies of the pest,” Davitashvili said.

The lab started working this year.

STRONGER COOPERATIVES, YOUNGER FARMERS

The Ministry is also tackling other challenges in the sector, including improving the competitiveness of Georgian products and creating employment in rural areas.

Currently, over 42 percent of the population is employed in the agricultural sector and lives in villages, Davitashvili noted, adding that the government is focused on developing local cooperatives to help improve the livelihoods of those in the rural populations.

“The key priority is the planning of cooperatives ... When we talk about technical assistance and increasing of qualifications in the sector, the government will have more benefits from working with an organized structure, than from [working with] individual farmers,” he said. The Minister particularly noted ongoing work developing beekeeping cooperatives and cattle-breeding cooperatives.

“The unified agricultural project is continuing its work and is the key instrument of the state to assist the develop-

ment of agriculture and entrepreneurs in villages. This project is designed for the long-term development of production in order to increase the competitiveness of the agricultural sector and the stable rise of production of high-quality products,” Davitashvili said.

He added that part of the government’s assistance includes credits for certain types of agricultural businesses, including processing plants, storage facilities and consolidation centers.

The Ministry is also working with international donors to develop the next generation of farmers and tackle a long-discussed problem: the country’s deficit of agriculture specialists, ranging from farmers educated in modern farming practices to animal husbandry and forestry experts. Davitashvili said the Ministry is working with the Danish government on a program designed to fund “different projects for young farmers – women up to the age of 40 and men up to the age of 35.”

In addition, the government is helping to create an agriculture park in the western province of Imereti.

“This region is rich with its traditions of organizing greenhouses. Processing, packaging, and storage of agricultural products is planned in the agricultural

park,” he said, noting that the park will become a logistics hub for Georgian products being exported abroad.

CREATING A DATABASE, THE “EMERALD NETWORK”

The Ministry is also creating a registry of existing farms, which will play a vital role in the reform process, Davitashvili said. It will also help the Ministry’s efforts to develop more efficient management of farmland.

The Ministry is also hard at work to adopt and grow into its new, expanded role in environmental protection.

Davitashvili said work is underway to strengthen the country’s protected territories. “Currently we are studying territories which may become a part of the ‘Emerald Network,’ which will be an ecological network made up of territories of particular environmental importance,” he said.

Other plans include strengthening the forestry code – and increasing the salaries of forest rangers as part of efforts to improve the protection and care of Georgia’s forests.

In addition, the Ministry is working with UNESCO to include Georgia’s Kolkheti National Park on the World Heritage List.



THE GEORGIAN ECONOMY:

A Review of 2017 and the View Looking Forward

NOW THAT THE NEW YEAR FESTIVITIES FEEL LIKE A DISTANT MEMORY, IT IS A GOOD TIME TO REFLECT ON WHAT THE ECONOMIC DATA CAN TELL US ABOUT THE TRENDS IN 2017, AND WHAT THAT COULD MEAN FOR THE FUTURE.

GEORGE WELTON

By any reasonable account, a review of 2017 suggests a very positive picture, with a combination of the recovery in consumer confidence, improvements in commodity prices and extractive production, as well as veritable booms in tourism, construction, transportation, communication and finance leading to strong economic growth. If we project this picture forward and combine it with public and private infrastructure spending, this would seem to suggest strong growth and a stronger lari for the next few years.

A 4.8 percent growth rate for 2017 is a dramatic improvement on the 2.8 percent in 2016 and the IMF predicts this growth will continue. To understand which sectors are driving that growth, it is important to look at the size of the sector as well as its

year-on-year growth. We can start with a quick review of Georgian GDP (*see pie chart Structure of GDP, Sum of Q1-3, 2017*).

The first two economic categories ('trade' – 17 percent and 'other' – 16 percent) deserve some explanation. The position of 'trade' is mostly a reflection of the fact that Georgia is a very consumption-oriented society so imports and retail hold a disproportionate significance. Manufacturing is heavily concentrated in extractive industries, processing products like steel and food and wine production. Most of the rest of the categories are self-explanatory.

If we consider the dynamic of these sectors, comparing the first three quarters of 2016 with the same period in 2017, we can get a sense of the drivers of growth.

SUMMARY OF GROWTH BY SECTOR Q1-3 2017 COMPARED TO Q1-3 2016

Sector	% growth by sector
Trade	6%
Public administration	4%
Manufacturing	3%
Transport	6%
Construction	12%
Agriculture	-3%
Real estate services	7%
Health and social	2%
Finance	7%
Social services	3%
Education	3%
Communication	6%
Hotels and restaurants	12%
Imputed rent	4%
Utilities	1%
Domestic production	-2%
Mining	7%

As we can see, and unsurprising to anyone wondering around Tbilisi, the biggest growth was recorded in construction and tourism. 'Tourism' is not a category listed in national accounts so 'hotels and restaurants' is a somewhat limited proxy. Following this we have high growth in finance, communication, rental services and mining.

What is perhaps more interesting is that

trade as a whole recovered so strongly. Trade is made up of retail and import/export and is by far the largest economic sector of the economy, so the growth in this sector accounts for almost ¼ of the growth in the general economy and reflects both a strong recovery in consumer confidence (as people are buying more again) and significant recovery in international trade.

The picture in terms of trade further supports the idea that both domestic consumption and exports have been major drivers of overall growth. Exports as a whole grew by 29 percent in 2017 and imports grew by 9 percent.

GEORGIAN EXPORTS 2017 IN MILLIONS AND COMPARED TO 2016

Product	2017	Changed compared to 2016
Copper	420	34%
Nuts	83	-54%
Ferro-alloys	307	81%
Motor cars	235	41%
Wine	171	51%
Medicine	141	31%
Alcohol and spirits	127	38%
Gold	71	-13%
Water	96	20%
Fertilizer	76	16%
Other	1002	34%
Total Exports	2728	29%

If you take into account both the size of growth and the importance of the sector, this shows that growth in ferroalloys and copper account for almost ½ of the export growth for the year. The growth in motor car exports brings it up to about 1/3 of volume that existed at its peak in 2013. Wine has, obviously, experienced huge growth and, particularly when merged with 'alcohol,' would be Georgia's 3rd biggest export and responsible for around 1/8 of the overall export growth. On the negative side, the drop in hazelnuts has been pretty calamitous and mostly reflects the impact of the stink bug on the Georgian harvest.

Another way of looking at it is that exports have done well due to improvements

in mining and commodity prices as well as the recovery in the CIS region, which has occurred at the same time. Oil prices were far higher in 2017 than they had been at the beginning of the crisis in 2015, although most of the improvement occurred in 2016. That means it has taken a year for the CIS region to significantly start to recover. The CIS region as a whole grew by 2 percent in 2017. This is not great, but compares favorably to the rate in 2016 – and -2.2 percent growth in 2015. It might also suggest that the recent rise in oil prices won't be felt in the region until the end of the year.

The geographic distribution of exports also demonstrates how growth in the region is driving the current success, with exports to Europe increasing by 10 percent, compared to the 60 percent increase in exports to CIS countries, in particular exports to Russia, which increased by 91 percent. This means that the CIS is now responsible for 43 percent of Georgia's export market; Russia makes up 14 percent, compared to Europe as a whole, which holds a 24 percent share.

What do all of these shifts mean for 2018? The IMF is continuing to predict similar growth this year, which continues to put us way ahead of the regional average. This is good news but any recovery in consumption will put a disproportionate negative pressure on the lari: growth in exports is unlikely to keep pace with the growth in imports, since Georgia imports 3x what it exports.

The counterweights to the balance of trade are tourism, remittances, international borrowing and FDI. In predicting

currency levels in the medium term, the key question is which of the four will rise quicker? They all have the potential to grow. Overall remittances are rebounding since the huge drop in 2015. Russian remittances are only at 57 percent of their previous high and Greece is only at 69 percent, suggesting considerable opportunity for recovery. There is no evidence that tourism growth has plateaued yet and FDI numbers remain fairly strong.

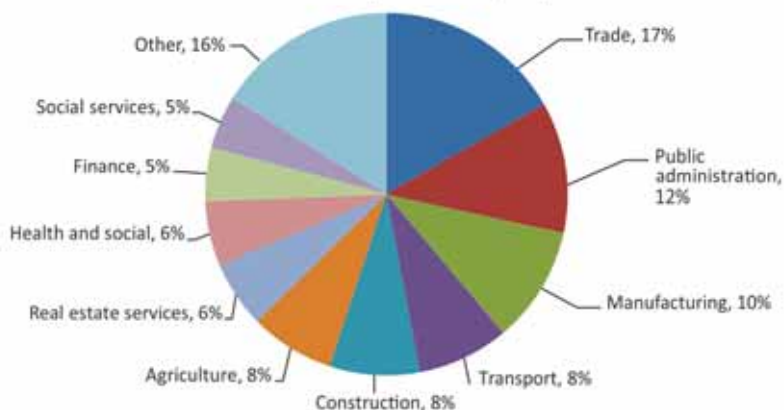
However, undoubtedly the biggest economic story of 2018 will be infrastructure spending. The government plans to spend \$4.5 billion over the next few years on infrastructure, mostly bridges, roads and tunnels. Also, there are still a large number of big hydro projects that seem to be moving forward as well as projects like Anaklia.

Hopefully, the long-term impact of this infrastructure spending will be to

significantly increase the capacity of the country for transport and logistics, increasing productivity across the board as well as directly stimulating tourism, the transport sector, export-oriented local manufacturing and much more.

The more immediate impact, however, is that such a large cash injection will have a significant stimulus effect on the economy and on the currency. Depending on when all this spending occurs, and again assuming nothing else changes, we might expect a boost to both the GDP and the value of the lari. The exact nature and timing of that is not clear yet. While some contracts have already been signed and work has started, the 'ramping up' of the actual infrastructure spending volume may not occur until the end of the year, or even 2019. If this happens alongside a strong regional recovery, then we could expect a few very strong years ahead.

Structure of GDP, Sum of Q1-3, 2017



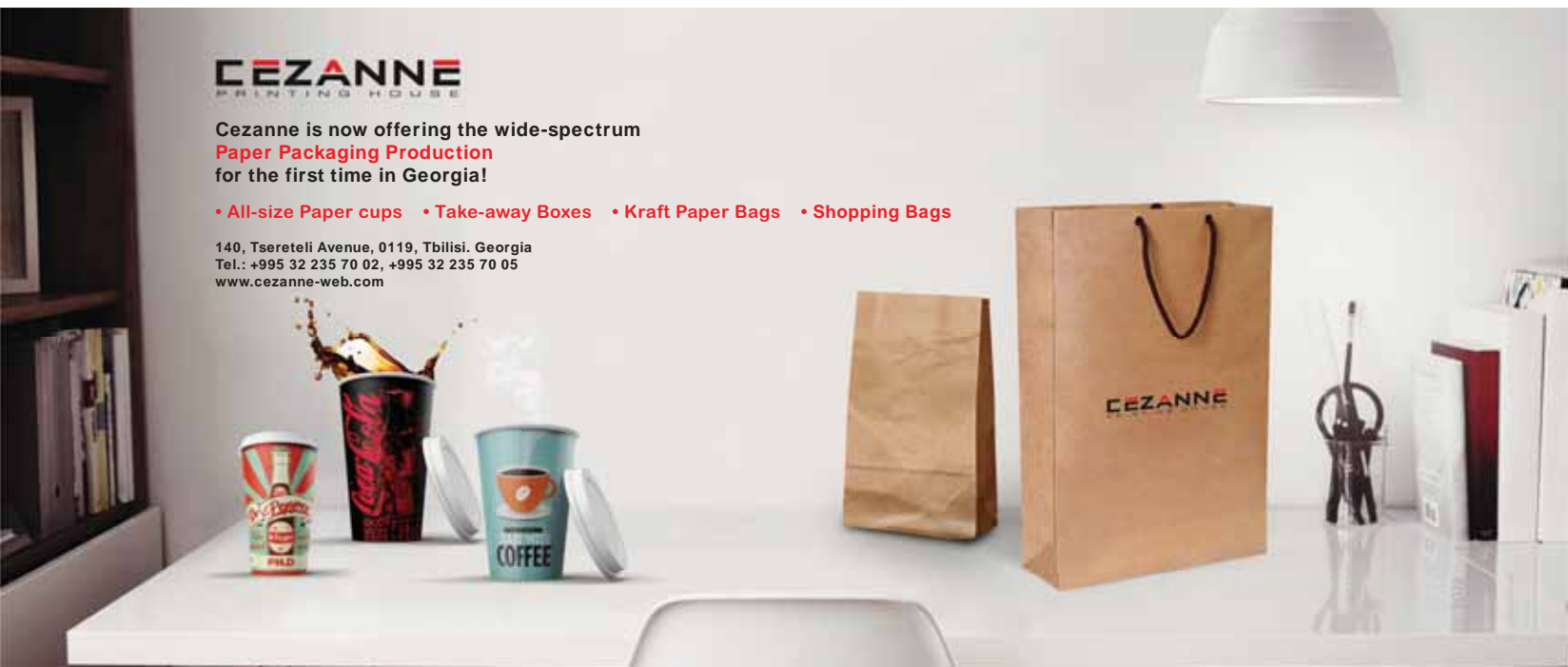
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High Tourism Numbers Drive Construction, Investment

THE GROWING NUMBER OF TOURISTS TRAVELLING TO GEORGIA IS DRIVING INVESTMENT IN CONSTRUCTION PROJECTS: HOTELS AND RESIDENTIAL PROJECTS ARE UNDERWAY IN A NUMBER OF AREAS AROUND THE COUNTRY, WITH A FOCUS ON CAPITAL TBILISI AND POPULAR RESORT DESTINATIONS.

LIKA JORJOLIANI

Spending is up in Georgia's construction sector -- foreign direct investment in the construction industry in the third quarter of 2017 alone was \$116 million, nearly as high as the

total investment in the sector in 2016 (\$129 million), according to Geostat, the state statistics agency.

Construction, in terms of production value, has increased significantly over the past three years, based on Geostat data from 2014-2016, the latest complete

figures available.

The growth in building projects is being driven by a number of factors, according to Georgian real estate sector specialists and development companies.

MORE TOURISTS, MORE DEMAND

"A favorable travel and tourism scene should lead the way for consistent investment flows in the hospitality real estate market in Georgia," Irakli Kilauridze, managing director at Colliers International Georgia, told *Investor.ge*.

He said there is "upward momentum" in the hotel supply pipeline in Tbilisi--including upscale brands such as Autograph Collection and Sheraton Metekhi Palace, and midscale brands such as Ramada Encore and Moxy.

Nino Kipiani, a partner Cushman & Wakefield Georgia, agreed that the developing tourism market is attracting more investments in construction and development.

Kipiani, who is responsible for coordinating the company's agency services, developing client relationships and managing key regional corporate accounts across the Caucasus Region, noted that investors are coming from "Iran, Qatar, UAE and CIS countries."

"Investors from the post-Soviet space are mainly interested in Western Georgia, not only Batumi, but other towns on the Black Sea shore. Shekvetili became a very good prospect due to construction of the "Black Seal Arena" and new tourist sites," she told *Investor.ge*.

Ski resorts are also attracting more investment. Both Kilauridze and Kipiani noted several new projects in Bakuriani as well as in Gudauri and Adjara's Goderdzi: Alliance Group is investing in Goderdzi; Best Western Plus in Bakuriani; and New Gudauri, a multi-functional ski in/ski-out residential and hotel complex is being built by RED-CO, to name a few.

Maya Bichikashvili, the chief marketing officer for RED-CO Real Estate Development, said when the project started, five years ago, the territory was completely empty. Now five apart-hotels with up to 500 apartments have been already constructed, and 26 more new buildings, including international hotel brands, apart-hotels, private residences and cottages, along with various types of business, entertainment and sport facilities, will be built based on the company's \$150 million, five-year development plan.

"Gudauri Resort has large potential and more and more tourists are attracted here due to its mountainous tourism... In Georgia, there is a demand for this kind of real estate, first of all from citizens of Tbilisi, then from foreigners who love Georgia and visit it for skiing. They include Russians and Ukrainians, and this year there are many buyers from Europe

and the UAE," Bichikashvili said.

"In 2012-2016, investments by the company reached \$45 million, and in 2017, we invested \$25 million. In 2018, we plan to invest \$50 million," she said.

Bichikashvili added that the company has already started building the hotel Radison Blu Gudauri, which is scheduled to open in 2019, and has other hotel projects in the pipeline.

The Adjara Group is also investing in the construction of new hotels around the country. The increased number of tourists and the growing number of airlines flying into Tbilisi have helped drive the tourism and hospitality sector in 2017, Executive Director of Adjara Group Hospitality Valeri Chekheria told *Investor.ge*.

"This year we are planning to open

two new hotels; one will be a hotel named Stamba next to the hotel Rooms Hotel Tbilisi, situated in the center of Tbilisi," he said.

He said the hotel is being developed in stages. Adjara Group is investing \$30 million in the first two stages, and will make additional investments for the third stage, which will be completed by the end of 2019.

Adjara Group is also investing in building hotels outside of the capital: they are partners with GDGC in the 100-room Mitarbi Rooms Hotel, scheduled to open at Kokhta Mitarbi this summer. Total investment in the project is \$12 million dollars, Chekheria said, with Adjara Group as a 50 percent partner.

In addition, they are planning a multi- ►►



- year, multi-stage, \$45-million dollar project in Kakheti, not far from the David Gareji Monastery Complex.

The project, named Udabno (Georgian for desert), will include a large almond plantation, a farm, two hotels and a training center for specialists in the hotel business and agriculture, Chekheria said.

So far, Adjara Group's investments in the hotel industry have paid off: Chekheria said they were at 80 percent capacity in 2017.

CREATING COMMUNITIES

Construction and development companies have also been investing in a relatively new trend for Tbilisi: residential communities.

For instance, Marqo Construction, a major international investor in Georgia, is investing in several large residential projects in the capital – housing, schools, kindergartens and sports and recreational facilities all in the same location. Hualing Group has also made major investments in construction projects.

Cushman & Wakefield Georgia's Kipiani noted that these types of projects are gaining popularity in districts outside of the city center.

“The development of suburbs deserves attention as well (Tskhneti, Shindisi). The most interesting are the projects in Didi Dighomi and Krtsanisi,” she said, noting that one such neighborhood – Tbilisi Hills – is being developed by Estonian investors around a large golf club.

“In the next ten years, the territory adjacent to the golf club will be covered with the construction of hotels and cottage settlements,” she said, adding that “today Georgia is a leader among the Caucasian states, as it has very attractive investment opportunities for conducting of business and the market is loaded -- that is a plus for investing.”

KPMG'S CRANE INDEX

KPMG GEORGIA RECENTLY PUBLISHED ITS LATEST CRANE SURVEY -- A STUDY OF HOW MANY CONSTRUCTION CRANES ARE LOCATED IN ANY GIVEN AREA OF TBILISI. THE STUDY PROVIDES AN INTERESTING AND INSIGHTFUL SNAPSHOT OF THE ONGOING CONSTRUCTION AT ANY GIVEN TIME. A FULL VERSION OF THE STUDY CAN BE DOWNLOADED FROM WWW.KPMG.GE.

KPMG's Q4 2017 survey found a total of 117 cranes in Tbilisi, up from 107 cranes in Q1 2017.

The report provides a detailed breakdown of the number of cranes, and the corresponding types of construction projects, in every district of Tbilisi.

From the report: The results of our survey have also revealed that the construction of residential buildings has been the most attractive for developers and private investors, with 67.2% of construction works being related to residential premises, followed by multifunctional complexes with a 15.5% share. The latter involves the development of a mix of residential, commercial, office and hotel premises. Residential construction recorded the only growth rate of 36.8% (+21 units) among other categories, reaching 78 cranes in total, compared to 57 cranes as of Q1 2017. However, the highest decreases, of 80.0% (-4 units) and 66.7% (-4 units), were identified in “other” and “hotel constructions” now showing one and two cranes, respectively. The 11.1% (-2 units) and 5.3% (-1 unit) decreases were observed in suspended/finished and multifunctional constructions, respectively (18 and 19 cranes in Q1 2017, respectively). There was no change in the number of cranes used in commercial constructions.

The KPMG survey found that Vake had the most visible cranes per 1,000 people in Q4 2017, putting it ahead of Saburtalo, which headed the list in Q1 2017.

From the report: Vake has moved into the first place in terms of number of cranes and cranes per 1,000 people. Vake is located in the center and western parts of the city, sharing borders with Mtatsminda and Saburtalo. According to the new allocation of administrative areas in the city, combined with adjustments made for the nonpopulated parts, the total area of the region was estimated to be 24 sq. km. The central part of the region (also known as old Vake), is considered as one of the most prestigious places among citizens. This may also explain the highest concentration of construction sites in this part of the city. Despite its small population and area, Vake is becoming the center of commercial and business activities, with some of the largest projects, such as Hilton, Axis Towers, etc. currently being developed.

Out of 31 cranes (26 cranes, Q1 2017): — 4 were suspended or at the final stages of construction (6 cranes, Q1 2017) — 22 cranes were used for construction of residential buildings (15 cranes, Q1 2017) — the remaining 5 cranes are used in multifunctional projects (4 cranes, Q1 2017).

The likely impact of this volume of activity is that the population density will increase and traffic congestion deteriorate further.

Highways, Byways and Bridges: Georgia's Pledge to Build

UNDER HIS FOUR-POINT PLAN, GEORGIAN PRIME MINISTER GIORGI KVIKASHVILI HAS VOWED TO BUILD CONNECTIONS —CONNECTIONS BETWEEN VILLAGES, TOWNS, PROVINCES, NEIGHBORING COUNTRIES AND DISTANT TRADING PARTNERS. MAJOR PROJECTS ARE ALREADY UNDERWAY AND MANY MORE ARE SLATED TO START THIS YEAR.

The Georgian government has promised to improve infrastructure — not just continue construction on the main East West Highway project to connect the capital Tbilisi with Batumi and the Black Sea — but to expand and build the roads and byways needed to connect villages and rural communities to provincial centers and onward, to bigger markets and more opportunities. Construction and infrastructure figure prominently in Georgian Prime Minister Giorgi Kvirikashvili's four-point plan, the ruling Georgian Dream party's priorities for reforms.

When he announced the plan in 2016, the prime minister stated that by 2020, around 1000 km of highways will have been built or reconstructed. Kvirikashvili compared the country's roads and bridges to "oxygen" for local communities around the nation.

"[Infrastructure] has to provide more oxygen, more new blood to the regions, and create equal opportunities notwithstanding their geographic location," he said.

A year later, Kvirikashvili noted that "in 2016, 970 million lari was spent on infrastructure projects, while this year 1.35 billion lari will be spent, a 36-37 percent increase compared to last year [2016]. This has become possible by decreasing administrative expenses and effective work with financial institutions."

International financial institutions,

such as the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Japanese International Cooperation Agency (JICA) and the World Bank (WB), have already pledged to help Georgia improve its infrastructure and bolster connectivity around the country and around the region.

ADB LOANS AND FINANCING

The ADB Country Operations Business Plan for Georgia 2018-2020 focuses on "sustainable transport, regional connectivity and economic-corridor development."

The plan will support the government to "improve internal and regional

market connectivity to enhance private sector competitiveness and broaden access to economic opportunities," as well as meeting several other goals in strategic areas like utilities development in secondary towns; energy security and stability; and SME development.

The plan includes \$250 million in lending for the E60 East West Highway project, now known as the Khevi-Ubisa Road project in 2018, and two road projects in 2019 —\$50 million in lending for the E70 Batumi-Sarpi Road project, and \$100 million for the Kvesheti-Kobi Road project. From 2017-2019, the ADB is financing loans worth \$478 million for transport-related projects, including the construction and rehabilitation of international, secondary, and local roads, according to the ADB's Country Operations Business Plan for those two years. The funds will also be used to develop road and transport policies and reforms as well as road maintenance, safety and urban transport planning.

EBRD LOANS AND FINANCING

The EBRD spends 9 percent of its 678 million euro budget in Georgia on infrastructure, according to its website. ►►

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- That includes a loan of 6 million euro for the upgrade of three border control points along the border between the Republic of Armenia and Georgia.

EIB LOANS AND FINANCING

The EIB is funding several sections of the East-West highway. In 2016, the EIB signed three loan agreements worth 250 million euro for “the rehabilitation and upgrading of municipal infrastructure.”

JICA BANK LOANS AND FINANCING

JICA has been funding work on a 57-kilometer portion of the East-West highway since 2009. In 2016, JICA signed an additional loan agreement with the government for the highway improvement project.

WORLD BANK LOANS AND FINANCING

A recent World Bank Georgia Systematic Country Diagnostic highlighted

the country’s need to “shift gears” by, among other thing, “unlocking the export engine by improving connectivity, which would also allow firms to grow and become more productive.” The report found that connectivity in Georgia is a “binding constraint” and “secondary road quality and air connectivity are top challenges.” The current WB program for 2014-2017 (approximately \$800 million) “has already built a strong focus on infrastructure to support inclusive growth,” with infrastructure projects representing 83 percent of the total portfolio – 53 percent for transportation alone – according to a sector breakdown of spending. For 2018, WB has earmarked \$420 million for investment lending in the transport sector: highways are slated to receive lending worth \$235 million, with \$185 million in lending for secondary roads.

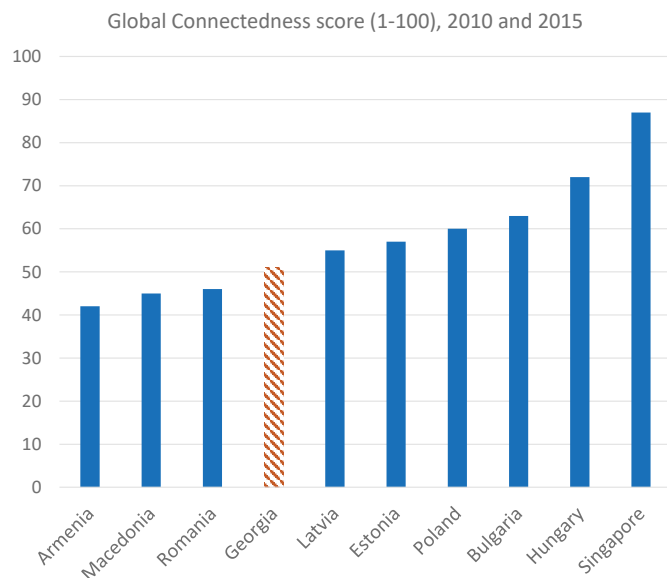
SPECIFIC ROAD PROJECTS INCLUDE:

- Construction and supervision of the Zemo Osiauri–Chumateleti works

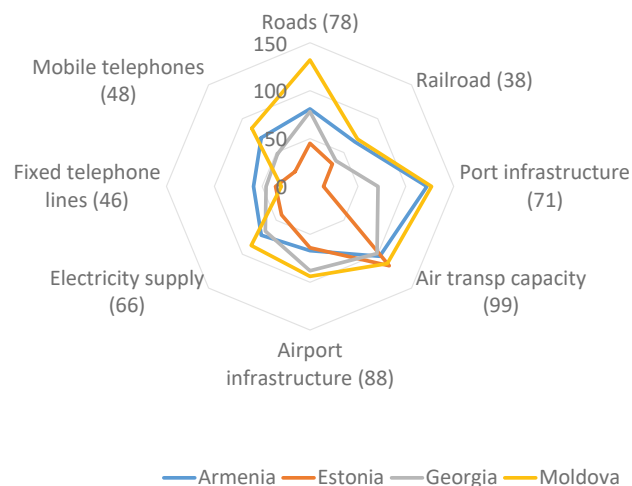
(expected to be completed in 2021);

- Preparation of a Pre-Feasibility and Feasibility Study for the Samtredia–Zugdidi Bypass Road (including access road to Anaklia Deep Sea Port);
- Preparation of a Feasibility Study and Detailed Design for the Upgrading of the Rustavi–Red Bridge and Rustavi–Sadakhlo Roads;
- Preparation of a Feasibility Study for the Upgrading of Tbilisi–Bakurtsikhe, Tsnori–Lagodekhi Road and Detailed Design for the Upgrading of Tbilisi–Sagarejo and Sagarejo–Bakurtsikhe Road;
- Preparation of a Pre-Feasibility Study and Feasibility Study for the Jinvali–Larsi Road and Detailed Design for the construction of Kvesheti–Kobi Road Section;
- Rehabilitation of over 700km of local and secondary roads throughout Georgia, piloting the use of design and build contracting methodologies and of performance based contracting methodologies.

Connectivity – hard and soft – is a binding constraint



... secondary road quality and air connectivity are top challenges



Source: Global Competitiveness Indicators, WEF. Note: Numbers denote position in the ranking. Best ranked =1.



Counsel you can trust

NEW ENVIRONMENTAL REGULATIONS TAKE EFFECT IN 2018

From January 2018, new Environmental Protection Assessment Code shall supplement the Law of Georgia on Environmental Impact Permits and the Law of Georgia on Ecological Expertize. The Code was drafted in line with respective EU directives and provides for completely new procedure for obtaining environmental clearance. The Code broadens the scope of activities subject to the environmental permit, now – environmental decision. In addition to the above, while certain activities necessarily fall within the scope of the Code, others many fall outside of it if so determined after the screening procedure. The screening procedure is yet another novelty of the Code, which aims to pre-determine whether environmental assessment is at all required for the particular activity before preparing voluminous environmental impact assessment documents. Lastly, in the interest of efficiency, the new code introduces intermediary procedure enabling to narrow down the scope of required information and research to be included in the environmental impact assessment report.

MOTOR VEHICLES ARE INCLUDED IN PROPERTY TAX DECLARATIONS IN 2018

We kindly remind you that, due to the 2017 amendments to the Tax Code of Georgia, motor vehicles (with commodity nomenclature 8703) must be included in the property tax declarations for the year of 2018. Property tax will be calculated as 0.2% for the households with the income in the range of GEL 40,000 to GEL 100,000 and 1% for those above GEL 100,000, irrespective of the age of the respective vehicle. The property tax rate is calculated based on the market price of the vehicle. Notably, declarations for the year of 2018 must be submitted to the Revenue Service no later than 1 November 2018, whereas the tax should be paid until 15 November 2018.

CONSTITUTIONAL COURT OF GEORGIA LIMITING THE POWER OF TAX AUTHORITY

On 28 December 2017 the Constitutional Court of Georgia rendered discretionary authority of the Revenue Services to evaluate the property on the basis of market price or its

balance sheet value for the purposes of determining the property tax, discriminatory and thus unconstitutional. In its other decision handed down on the same day, the Constitutional Court of Georgia discussed the authority of the Revenue Service to impose public restriction on the entire property of the taxpayer prior to assessment of the tax indebtedness. The Court resolved that such authority constitutes disproportional use of power and violates the right to property. The Court established that the value of the property so collateralized has to be consistent with the expected amount of tax obligation.

NEW BILL ON GAMBLING

Several draft laws submitted to the Parliament of Georgia envisage new procedures, as well as restrictive regulations for the gambling activities. Just to highlight a few amendments, the age limit for entering casinos/slot clubs (including online gambling platforms) for the citizens of Georgia will be increased to 21 years. The Draft Laws also introduce several major novelties, such as registration in the List of Addicted Individuals and registration at the Registry of Players, representing prerequisite for participating in system based/electronic games. Moreover, organizer shall be obliged to create electronic database for the distributed winnings to record winnings exceeding GEL 100. The proposed amendments further extend scrutiny to ultimate beneficiaries of the gambling business. Finally, the proposed amendments also envisage administrative sanctions for the violation of the new gambling regulations.

PROSPECTIVE REGULATIONS FOR INSURANCE BROKERS

The draft law on the amendments to the Law of Georgia on Insurance Activities is on its way to the Parliament of Georgia. The draft law aims to ensure financial and institutional stability, as well as transparency in the insurance industry. For this purposes, the draft law envisages detailed regulations for registration and performance of the activities of the insurance brokers/insurance agents. The draft further regulates relationship between insurance brokers and the insurer/insured, as well as guarantees for financial stability, monitoring and sanctioning of the activities of the insurance brokers. It is expected that these measures aiming to firm solid and stable insurance environment, if implemented, shall incentivize investments in this field.

For more information and advise please contact us:

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AN AMBITIOUS PLAN: Georgian Plans Financial Markets to Reduce Financial Risks

THE GEORGIAN GOVERNMENT IS UNROLLING A SOPHISTICATED PROGRAM TO CREATE NEW CAPITAL MARKETS IN THE COUNTRY, WITH MAJOR STEPS PLANNED FOR 2018.

SALLY WHITE

Georgia is going to be hearing a lot about finance in 2018. This may not be the usual stuff of Georgia's social media, television, newspapers or magazines, but they will all be broadcasting a "financial education program" launched by National Bank of Georgia (NBG) Governor Koba Gvenetadze.

Gvenetadze has goals for the Bank's financial education program: for the general population, the aim is to remove the "fear of exchange rate volatility" and to help society learn to "manage its own finances." The message to companies is that markets will be able to compete with the banks in offering funding. There should be "cheaper local-currency bond-market financing and increasing opportunities to cover currency volatility."

AN AMBITIOUS PLAN

Regulation and supervision must also be put in place for derivatives markets – these markets will enable companies to cover financial risks such interest rates, exchange rates or commodities. In a joint project with the European Bank for Reconstruction and Development (EBRD), a draft law has been formulated, as have regulations, infrastructure for information to ensure transparency and monitoring. Georgia has spent several years working behind the scenes to make sure they are in line with international standards, EU directives and the principles of the International Organization of Securities Commissions.

The government has already drawn up a schedule: regulations for investment funds should be passed in the second quarter; regulations on the issuance of tradable GEL securities should be passed in the third quarter; and regulations on pension reform are slated to be passed in the last quarter of 2018.

The developments in mainstream financial markets – designed to boost

the flow of international money, provide investments for Georgia's new pension funds and insurance companies and boost economic growth -- are already showing success, and a number of local currency bonds have been issued.

The NBG has been accepting GEL corporate bonds, and the government has issued a "benchmark bond." (The latter will act as standard against which the performance of other GEL bonds can be measured, adding further to international investor requirements.)

However, at the moment, those most active in trading are the local banks. "We understand that these markets can't develop overnight, but we do aim to move forward, albeit gradually and at a steady pace. We believe that markets should develop from simpler to more complicated instruments, with the former providing the foundations on which the latter can be built," Gvenetadze told *Investor.ge*.

The financial sector is expecting to see local rather than foreign players as the main drivers of the government's market development program, at least initially. However, international fund management

groups could perhaps become new foreign entrants as opportunities in pension fund management opportunities open up.

TAX INCENTIVES

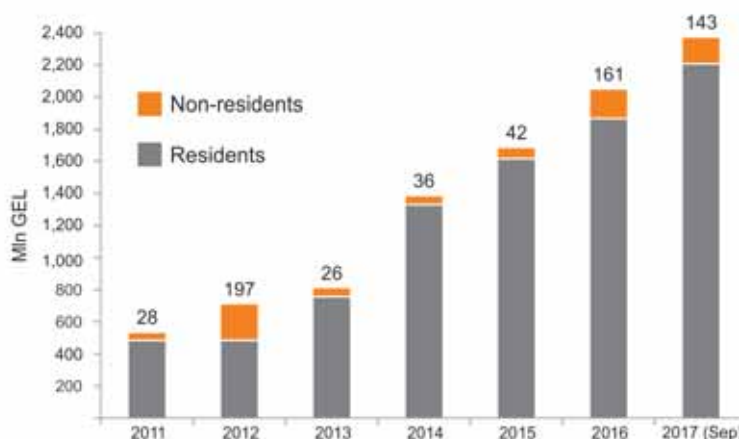
In a major boost to incentivize investment among both local and foreign investors, Georgia's tax code has been amended as from the end of January this year to be more user-friendly. Now, according to Galt & Taggart (G&T), capital gains and interest-rate income on debt and equity instruments (such as bonds and shares) are exempted from tax. These must have been issued by a Georgian resident legal entity through a "public offering and admitted for trading on an organized market recognized by the National Bank of Georgia," states G&T's bond market newsletter.

In addition, interest income from debt securities is tax exempt until 2023. Investors are also being reassured by tougher company reporting requirements.

MARKET COMPETITION

These tax incentives should appeal to international funds and help create more local ones. They could, says G&T Broker Otari Sharikadze, help reactivate the local stock market. Other moves expected to increase participation in Georgia's markets are likely to widen the range of what registered brokers on the stock market can do, for example, allowing them to participate in the primary market for government securities and trade foreign exchange, and this could bring in more financial market competition by increasing

Resident and Non-resident Holdings (end of year)



Structure of Georgia's financial market (2016): Source National Bank of Georgia

broker numbers there.

G&T (owned by Bank of Georgia) along with TBC Capital (owned by TBC Bank) currently dominate the issuance and trading of Georgian bonds and equities domestically and internationally, as well as investment banking services. The fact that the country's two major banks have been able to trade profitably in the local bond markets has been a major factor in their support and investment in the markets.

SEQUENTIAL APPROACH

Helping Georgia down the route to fully developed financial markets, with technical assistance, funding and market-building, have been international financial institutions (IFIs)--especially the European Bank for Reconstruction and Development (EBRD), which has issued dollar and lari bonds to launch Georgia's markets. Their strategies can be observed in action in neighboring Armenia, for one, which is ahead due to its advantages of having a long-term international bank presence in HSBC and a stock market that is part of the world's largest international exchange operator, the U.S.-based NASDAQ OMX. Market turnover has increased as a result.

Armenia has issued covered bonds (asset-backed bonds, deemed to be among the safest bonds) and has a program in place for hedging tools to manage financial risks in currencies, interest rates, and commodity derivatives. A derivative is a financial product such as a future, option, or warrant, whose value derives from the value of an underlying

asset, such as a commodity, currency, or security. The NBG's sequential approach to market development has already established not only local-currency bond issuance, but also dealing in foreign exchange, (dealt-in using "spot," or today's rates), money markets and government fixed income (a bond with a fixed rate of interest). Next will come risk-management markets for forward (purchase at a future date) foreign exchange contracts, shares and then swaps and other derivatives. An interest rate swap, for example, is a contract between two counterparties who agree to exchange the future interest rate payments they make on loans or bonds.

Pension fund reform later this year and insurance market development will help complete the circle by providing new funds which will provide local, long-term investor funding.

STOCK MARKET

Timing for re-launching local share trading, one of the most popular forms of investment internationally for individual investors, is not likely until early 2019, according to the CEO of the Georgian Stock Exchange, George Paresishvili.

Before then, upgrades and new IT infrastructure, which full integrates the stock exchange and Bloomberg platforms, must be completed, and regulations have to be put into place.

Then training will be needed for the market staff, stockbrokers to the new stock market, and marketing of the stock market to the domestic and international investment communities needs to be

carried out.

STEPS FOR COMPANIES

Right now, large and medium-sized companies are being urged to prepare to take advantage of the wider fund-raising opportunities and alternatives to bank financing that are developing by obtaining a credit-rating from one of the international rating agencies.

Credit rating is a government requirement for GEL bond issuance, and, as G&T points out, international agencies Fitch, S&P and Moody's and the European credit rating agency Scope, are possibilities--Fitch for one will adjust its fees to company scales.

Other requirements, once a bond is issued, include audited financial reports for the last two years, and display of the reports on the company's website.

"The international credit rating allows corporations to be evaluated according to internationally accepted credit rating standards.

This is very important for Georgian corporations, as it is a very strong step towards becoming more transparent organizations with strong corporate governance," said Irakli Elashvili, Managing Director of TBC Capital.

This would help bring them up to a standard that can attract the attention of international investors.

Of course, most of this is new to the majority of Georgian companies, but local expertise is also gradually improving, say the accountancy firms.

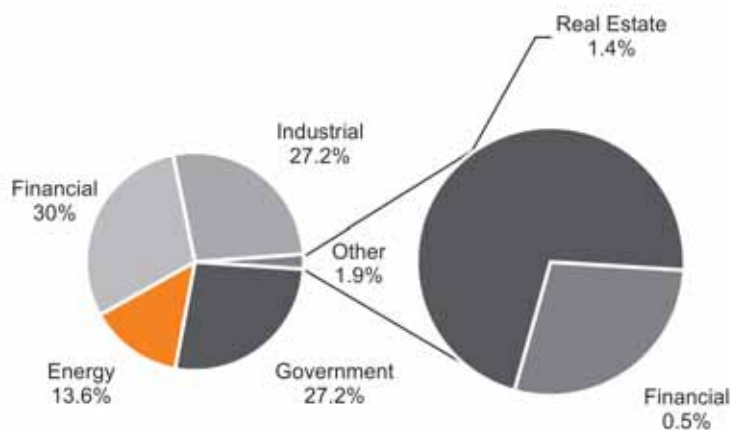
As yet, few companies have appropriately trained people in Treasury departments who are aware of the evolution of Georgia's financial markets, and most rely on information and offers from the banks.

The EBRD et al, and the credit rating agencies, however, will bring in experts to help train. There is also a vast amount of information online, and the banks are increasing their services.

International interest is growing, and at the same time demand from the large corporations means "the need for sophisticated investment banking products and services is becoming increasingly prominent," TBC Capital's Elashvili said.

While the government program may sound like a formidable one, KPMG also says that there is "growing appreciation among companies of the funding opportunities opening up."

Bond Universe by sector (US\$ 1.8bn total)



Georgian bond issuers: Source Gait & Taggart

New Hope for Improved Urban Transport in Tbilisi

RESIDENTS OF TBILISI HAVE BEEN HAMMERING FOR REFORM OF THE CITY'S TRANSPORTATION SYSTEM FOR YEARS. OVER THE PAST SEVERAL MONTHS, FINALLY IT APPEARS THAT TBILISI CITY HALL IS LISTENING -- AND ACTING. DESPITE URBAN PLANNING MISTAKES MADE IN THE PAST, THE MUNICIPALITY HAS REPEATEDLY STATED THAT TBILISI'S INFRASTRUCTURE ISSUES ARE A TOP PRIORITY.

INGE SNIP

The opening of a 1 km bicycle path on Pekini Street in September 2017 was met with both applause and derision on social media in Georgia: the bike path—promoted as a sign of progress in the fight against congested roads—lacked any safe access ramps for bicyclists to use the path.

Other decisions taken over the past year—including building a bridge over a recently discovered ancient city wall and increasing the number of parking places in green zones—have served to underscore the gap between the city planners' vision and the demands of activists.

There are small signs of change, however, including newly elected Tbilisi Mayor Kakha Kaladze's pledges to radically improve the transportation and urban development situation in the city.

"He [the new mayor] inherited an absolutely dire situation from his predecessor, and the challenges that Tbilisi faces at this stage of its development are going to be huge," says Joseph Alexander Smith, a journalist and the first Briton to run for the municipal elections in October 2017, about Mayor Kakha Kaladze.

Two of Smith's pressing campaign issues were urban infrastructure and road safety. But Smith tells *Investor.ge* he is slightly hopeful the city is at the start of "a radically different period for the urban governance of Tbilisi."

NEW INITIATIVES

In the past few months, the new mayor has announced several different new measures to improve the city's urban infrastructure. These include time restrictions for delivery vans to deliver goods; a formal registration and a permit system

for taxi drivers; allocating 40 million lari for the metro system; and promising to alleviate Tbilisi's traffic problems.

But change is not just occurring on the municipal level. The technical inspection of cars, a major policy issue, is scheduled to start in 2018.

The mandatory vehicle inspections will test the "road worthiness of vehicles before they are allowed to drive on roads" agenda.ge reports. Initially, the inspection is mandatory for buses, cargo, government cars, company cars, and cars bigger with a larger than 3000 cubic cm engine size. Starting January 2019, all private cars will be included in

In the past few months, the new mayor has announced several different new measures to improve the city's urban infrastructure.

the inspections as well.

Gela Kvashilava, UNECE Lead National Consultant and elected member of the board of directors of the Global Alliance of NGOs for Road safety, says the inspections are a major step in the right direction.

"There used to be a system, but it was extremely open to corruption," Kvashilava explains to *Investor.ge*. The new system of inspections will cost the owners 60 lari for private cars and 100 lari for heavy vehicles, which can only be paid through Payboxes; no cash exchanges hands during the inspections.

In addition, all inspections are recorded on video, and there is no direct contact possible between the service personnel and the owner, decreasing corruption risks significantly, Kvashilava says.

And, if you do not fix your car as indicated, fines start at 50 lari—increasing

exponentially, with traffic police able to check whether you have checked your car and whether you have complied.

Other road safety measures implemented in 2017, such as a driving license point system and speed cameras, have also led to an increasingly safer road system. “On the 1st of November, they included a new mass camera system, which has already resulted in a 10 percent decrease in car crashes, and that is huge,” Kvashilava explains, stressing that the system needs to be maintained and improved regularly for it to be effective.

IMPORTANT CHANGES AT CITY HALL

Giorgi Kankia, a member of the board of the pedestrian rights organization Iare Pekhit and an urban planner,

is also optimistic about the future of Tbilisi’s urban transportation, saying that City Hall’s transport department is undergoing an important structural change, giving “the department more ownership on research-based urban transport policy and planning in the city.”

One of the changes was signified by the municipality’s disagreement with the City Institute over the central railway station, demonstrating that the local authorities have realized the importance of the already-existing railway infrastructure as a pillar for a future multimodal transport system in Tbilisi.

One major issue still exists, however.

Kankia says that “the fictional idea of ‘more roads equal less traffic jams’ is still very much alive,” pointing to plans for a new road flyover project that were

announced in January.

Smith tells *Investor.ge* that, despite his optimism, the municipality should make a decision about how to approach the issues at hand.

“We hear on the one hand that the number of cars must be reduced, and yet there are also plans for a new flyover in the Vere River Valley—so which one is it going to be?” he asks.

While Kvashilava believes that, despite the municipality’s understanding and willingness to tackle the urban transport problems, there are basic things—like the need for access between transportation lines and cycling or walking paths—that are not fully understood yet.

“There is no problem with money; rather, [the problem is] how it is spent,” Kvashilava says.

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Georgian Female Entrepreneurs Provided Economic Boost



INTERNATIONAL AND LOCAL DONOR PROGRAMS ARE EMPOWERING WOMEN IN COMMUNITIES AROUND GEORGIA TO ENTER THE WORKFORCE. IN RESPONSE, WOMEN ARE CREATING NEW BUSINESSES AND CARVING OUT NEW LIVES FOR THEMSELVES AND THEIR FAMILIES.

INGE SNIP

PHOTOS BY MY SISTERS, GEORGE SURGULADZE



A soapy, repetitive sound and the crackle of burning wood are the only thing you hear in Irma's tiny bedroom. With her strong, muscular arms, she kneads the wool, adding boiling water from time to time. Her hands seem to have gotten used to the burning temperatures.

"I've been making felt for 12 years," the 42-year old woman with dark brown eyes and wavy chestnut-colored hair smilingly tells *Investor.ge* while she rolls the pink-colored wool on an unstable table close to the window.

Irma lives in Nukriani, a small village in Georgia's eastern Kakheti region. When her father died, she knew she had to start making a living of her own. Irma joined a teka ("felt" in English) workshop, but she is not the only one in Nukriani who makes felt products, as several women make felt slippers and sell them in nearby Sighnaghi, a popular

tourist destination, in the summer.

But the work is mostly seasonal and does, therefore, not create a reliable income. That is why Anna Kharzeeva and Maria Shirshova started the social enterprise My Sisters a year ago, connecting felt creators—such as Irma and her sister Ia—with Georgian fashion designers and enabling them to sell their products globally.

"We saw all these fashionable people in Tbilisi," Kharzeeva tells *Investor.ge* over Skype, "but the felt products you can buy all had similar patterns; they were not exciting."

Knowing that Georgian fashion designers are blowing up worldwide, and understanding that the felt craft only bears seasonal fruit for the regional women, Kharzeeva and Shirshova decided to give Georgian fashion designers a chance to support rural women—while selling their products globally to a wide audi-

ence. My Sisters is not the only project working to empower women in rural areas. Besides several smaller initiatives by NGOs and social enterprises, the UNDP launched a major program together with the UNFPA and UN Women in 2012 with the support of the Swedish government.

"When a woman believes in herself, when she knows she can accomplish things outside of her household, when you give women that kind of trust, they can also change things inside of the household and stand up against domestic violence, for example," Natia Natsvlashvili, Assistant Resident Representative at UNDP tells *Investor.ge*.

According to nationwide research, 79% of Georgian men are part of the labor force, while only 60% of the female population are part of the labor force. These are women who can be economically active, but are not. That 20 percent makes a major difference in Georgia's

annual GDP, resulting in the country losing 11% of its potential GDP as a result of the “misallocation of Georgia’s human resource potential,” according to the World Bank’s 2016 Georgia Country Gender Assessment: Poverty and Equity Global Practice report.

The UNDP works with local NGOs, such as the Center for Strategic Research and Development of Georgia, in Samegrelo and Kakheti to economically and politically empower women. Natsvlishvili says they went door to door finding women in rural communities who were interested in participating in the several programs they had set up.

One of these was a vocational education program for female electricians established with a vocational education school in Poti. Not only did the first group of women who finished the pro-

gram have the highest graduation rate, a part of the group also managed to become the most in-demand coalition for electricians for the private sector in Samegrelo.

“One of the major problems is a mismatch in skills and demand in the labor force,” Natsvlishvili says, “which is why we partnered up with vocational training institutions to offer agricultural and hospitality courses all over the country for women.”

And in farming, the UNDP saw another major success, spinning off from their project a small group of female farmers in Kakheti who started an association and, with only \$7,000 from the UNDP, expanded nationwide. The association is now being included in all major policy changes at the governmental level in agriculture.

But the programs are just a start,

says Natsvlishvili. Although the government is fully onboard when it comes to gender equality issues, Natsvlishvili hopes the government will additionally implement proactive measures to include more women nationwide in programs, such as Produce in Georgia, agricultural programs and innovation programs.

“As a society, we still have a long way to go; statistics from 2013 concerning ‘the ideal situation’ showed that, according to 88% of society, the ideal situation is when the man is the breadwinner. This needs to change,” Natsvlishvili concludes in our interview.

And for Irma in Nukriani, she knows all too well the importance of financial stability. “I don’t have to worry for the future anymore. I am stress free, and that is such a freedom, you can’t imagine,” she says.

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Cultural Affairs Officer Damian Wampler meets with 8 young Georgian women who went on a two-week sports and leadership program in the United States and chaperones from the Georgian Basketball Federation, Nino Guruli and George Zabakhidze.

FROM ASTRONAUTS TO ENTREPRENEURS: Putting a Face on American Culture

IN 2017, THE U.S. EMBASSY IN GEORGIA BROUGHT DISTINGUISHED AMERICANS TO SPEAK, TEACH AND VISIT WITH SCORES OF GEORGIANS AROUND THE COUNTRY. INVESTOR.GE SPOKE TO DAMIAN WAMPLER, CULTURAL ATTACHÉ AT THE EMBASSY, ABOUT THE POWER OF CULTURE AND SPEAKERS TO EDUCATE, INSPIRE AND MOTIVATE.

NASA engineers, Hollywood film producers, teachers and entrepreneurs—Americans from all different careers and walks of life come to Georgia every year to talk, teach, visit, learn and inspire as part of U.S. Embassy cultural programs.

They visit schoolchildren, community centers, prisons, universities and hundreds of other places around the country.

Their visits are part of a bigger mission to explain American culture to the rest of the world, according to Damian Wampler, cultural attaché at the U.S. Embassy in Tbilisi.

“We are trying to keep America safe and sometimes that involves explaining American values; sometimes that involves making a place like Georgia stronger economically or stronger in the democracy or security spheres. My cultural programs augment that, and my cultural programs do a good job explain-

ing what an American is,” he said.

That can be a challenge when many Americans have a hard time defining U.S. culture, and common misconceptions exist about culture in the U.S. thanks to popular TV shows and Hollywood films. But Wampler said Americans have a strong and defined culture that can be easy to find when you look for it.

“If you take just the basic things that you can measure—punctuality, a sense of ideas and feelings about nepotism, ideas about corruption, ideas about justice, you start to realize that Americans have very strong feelings and have a very defined culture,” he said.

“Understanding our culture is also part of our security policy. If people don’t understand why we are doing the things that we do, it makes it very difficult for us to build allies and partnerships,” he added.

Wampler noted that the cultural programs help turn the larger projects

financed by U.S.-government agencies into something “concrete and specific.”

“The Department of Defense, international narcotics and law enforcement, border control, USAID, Millennium Challenge... there is a lot going on. For example, when USAID rolls out a multimillion-dollar project, the beneficiaries get the trainings, the partner organizations are doing great work—but it is abstract. Doing a business workshop for hundreds of people around the country is very abstract. Doing teacher trainings for hundreds of primary educators is very abstract,” he said.

Americans invited to speak in Georgia “make something that is very large and abstract into something concrete and specific,” he said.

The cultural projects follow “two broad goals,” Wampler said: to support Euro-Atlantic integration and support peace and security in Georgia.

“Within Euro-Atlantic integration, we are focusing on supporting democracy, strengthening the rule of law and the judicial system, and supporting economic development,” he explained.

INSPIRATION, STRONG WOMEN

A good example of such Americans visiting Georgia is Betsy Fore, an American entrepreneur who was invited to Georgia in November as part of Global Entrepreneurship week.

“I take something that is amorphous, something that is difficult to conceive, and make it real—how does somebody go from working at a retail H&M and a toy company and become a multimillion-dollar entrepreneur? What is the journey?” Wampler said.

Fore came to Georgia “to tell her story about the failures she encountered, about the strategies for her success, and she actually came and served as a consultant and consulted with entrepreneurs

across the country,” he said, adding that since entrepreneurship is a relatively new concept in Georgia, the U.S. Embassy wanted to bring someone young, energetic and charismatic.

They also decided to bring a woman entrepreneur to reflect the discourse that is happening in the States right now on gender equality and to help reinforce the idea that anyone can start a business.

“Women’s rights and gender equality is an extremely important topic in the United States [. . .], so we wanted to mirror that. My office is a reflection of American values and what is going on there.

We wanted to make clear that entrepreneurship is not just for men, it is for women too. When women get involved in entrepreneurship, it more than doubles the opportunities for economic growth in a country,” he said.

The two guests who came to honor the Embassy’s 16 Days of Activism Against Gender-Based Violence were also selected to inspire women—and highlight the important role women play in entrepreneurship and the sciences in America.

MAKING AN IMPACT

Selecting a speaker is part of the challenge. While there is a bureau in Washington that can help Wampler find people to invite to Georgia for cultural programs, he said cold-calling, e-mailing and brainstorming, as well as personal contacts, help him to find the perfect people for the program.

For example, they located Fore through a network of acquaintances. Meagan Ward, a Detroit-based entrepreneur who came as part of the 16 Days of Activism Against Gender-Based Violence, came up during a brainstorming session: a colleague of Wampler was from Detroit and had read about Ward’s

female-only workspace initiative.

The decision to bring former U.S. astronaut Heidemarie Martha Stefanynshyn-Piper for the 16 Days of Activism program was tied to the larger target of supporting STEM education for women in Georgia.

“Sometimes we are very specific and targeted to meet a very specific goal, a specific economic goal,” Wampler said.

“The Millennium Challenge Corporation has these massive programs to support vocational education and higher-education degrees in science, engineering, math and technology, and we wanted to bring someone who embodies that, and that is Heidi,” he added.

The guest programs are also inspired by requests by the Georgian government, at times. Five people connected to the film industry have come to hold trainings and workshops with colleagues in Georgia, in part due to the Georgian Economy Ministry’s request for assistance in supporting the local film industry.

Creating the individual’s schedule in Georgia is also an important part of the program.

“Most of our speakers are in very high demand, so we sit down and decide. Basically the key thing is to decide what kind of impact we want to have in Georgia [. . .] [S]ome of our events are public and they are on our Facebook page, but some of our events are private. We take some of our speakers to prisons. We have, for example, Meagan Ward, who met with women who were in a domestic violence shelter or had just gotten out of a domestic violence shelter,” he said.

For some guests, like Stefanynshyn-Piper, the team is able to create events around the individual’s visit.

“For Heidi, we built three things around her because fewer than 50 women have been in space, so this was a huge deal,” he said. ▶▶

AMBASSADORS FUND FOR CULTURAL PRESERVATION:

Grants for Ancient Georgian Monuments, Culture

Through the Ambassadors Fund for Cultural Preservation (AFCP), the U.S. Department of State supports eligible countries around the world in the restoration of ancient and historic buildings, assessment and conservation of rare manuscripts and museum collections, preservation and protection of important archaeological sites, and the documentation of vanishing traditional craft techniques, indigenous languages, and traditional forms of expression such as music, dance, and languages. Created by the U.S. Congress in 2001, the AFCP permits Ambassadors to submit proposals for one-time or recurring projects that assist countries in preserving their cultural heritage.

So far, the Ambassadors Fund for Cultural Preservation has provided financial support to more than 640 cultural preservation projects in more than 100 countries. This accomplishment represents a contribution of nearly \$26 million toward the preservation of cultural heritage worldwide.

In Georgia, the AFCP has funded more than 14 preservation projects worth more than \$1 million, including a 2013 grant for USD \$600,000 to preserve the Gelati Monastery, a registered UNESCO World Heritage site. Preservation projects have spanned large segments of Georgian cultural heritage from folk music to architecture and art to archaeology.



Cultural Affairs Officer Damian Wampler gives remarks at a photo exhibit in honor of Women's History Month at the Tbilisi History Museum, with the Embassy's Cultural Assistant Tako Rtveliashvili

► Stefanyshyn-Piper was able to judge the winning inventions from a space hackathon that the Embassy helped create with a local NGO, pairing two-member teams (each consisting of a man and woman) of college-aged students interested in science.

She was also able to attend rocket camps in three cities in the country and to speak at a leadership event for girls in Batumi.

Before Stefanyshyn-Piper arrived, the Embassy had already hosted four NASA engineers as part of other cultural programs.

PLANS FOR 2018

Wampler said that his office is working on several projects for this year, including training for emerging documentary filmmakers.

"Last year, we funded a grant on teaching minority youth to make documentary films, and we want to continue

this. We are looking for a grantee to implement a project where there will be 16 high-school-aged young women filming documentaries about women in their communities. The result will be 16 documentary films of women in different professions, in different areas," he said.

There are also plans to provide training for NGOs, to help them make narrative films to promote their work.

Other scheduled speakers include a female chaplain.

"She can talk about religion in America, life in America, what challenges she faced when she chose her profession . . . [W]e want Georgians to understand religion in America, our faiths and culture, because it is complicated," Wampler said.

In addition, American female police officers will be in the country as part of a regional police conference, and one will remain in Georgia to speak with communities.



MEAGAN WARD:

Create Freedom for Yourself

DETROIT-BASED ENTREPRENEUR MEAGAN WARD VISITED GEORGIA AS PART OF THE ANNUAL 16 DAYS OF ACTIVISM AGAINST GENDER-BASED VIOLENCE INTERNATIONAL CAMPAIGN. AS A GUEST OF THE U.S. EMBASSY, SHE SPOKE WITH A DIVERSE GROUP OF WOMEN ABOUT ENTREPRENEURSHIP AND FINDING THE POWER TO CREATE ONE'S OWN PATH. INVESTOR.GE SPOKE WITH WARD ABOUT HER TRIP AND HER OWN SUCCESS STORY.

An entrepreneur and strong advocate for women in business, Meagan Ward was invited to Georgia as part of 16 Days of Activism Against Gender-Based Violence, an annual event celebrated in countries around the world.

In 2017, the U.S. Embassy in Georgia decided to bring two strong female role models—Ward and U.S. astronaut Heidemarie Martha Stefanyshyn-Piper.

“A LOT OF OPPORTUNITY”

For Ward, her trip to Georgia reinforced that women share the same challenges, regardless of where they live.

“A U.S. diplomat heard about Femology opening, which has been deemed Detroit’s first business-professional space for women. The Republic of Georgia is a place with a lot of opportunity, which, however, faced many challenges in the past.

They wanted to learn more about the opportunity I had provided women in the Detroit area.

They told me about the campaign and what they wanted to do which fell right in

line with my mission,” she told *Investor.ge* in an e-mail interview.

“I’ve connected so deeply with the audience I didn’t have to change my message, goal or vision. Georgian women are going through the same challenges we face.

I was able to go to a prison, to see what life looked like while these women were incarcerated and to see post-prison life. I’ve spoken to women involved in

“It’s about owing your story and the challenges that come with it. Not being afraid to seek your purpose.”

IDP (internally displaced person) settlements and heard their stories about life after the war with Russia. I’ve spoken to Georgian women professionals, running the government.

This is a diverse group of women all wanting to make change in their environment and never wanting to settle. I had to be very transparent when I spoke. Not only did I share my success, but I also shared my challenges,” Ward said.

Her message to Georgian women echoed the message she is giving American women through her work in Detroit.

“It’s about owing your story and the challenges that come with it. Not being afraid to seek your purpose. We are all here on this earth for a reason. Don’t be afraid to go against the grain,” Ward said.

A SPACE FOR WOMEN

She also tried to reinforce the importance of women entrepreneurs for the community.

“The role that women entrepreneurs play in the community is more powerful than we think. I am creating freedom for myself. One of the things we face is our self-worth, which has been defined by how much we get paid, our position and the relationships we have with other women. But we are starting to understand our truth and our self-worth. Sometimes we must make a decision for ourselves that others won’t make: deciding that corporate America isn’t for you, or not taking a job because it doesn’t offer what you’re looking for,” Ward said.

Having access to female-only space ►►

- can help women tap into their strengths and collaborate with other women.

“Women are understanding their true power. Once we have that realization, the second step is ‘How can I collaborate with another woman to make these dreams come true?’ A lot of us are wanting a place where we can exude our womanhood. There are a lot of shared working spaces, but they’re not focused on women.

You don’t see programming of curated events that tailor to women. It’s important to focus on women in both personal and professional aspects. Purpose, family, and individuality are all interconnected,” Ward said.

“For example, we have bedrooms, which serve a purpose as a sleep haven. This is where you rest, energize and prepare for a fresh new day. It’s important to have a women-specific space for sisterhood, womanhood, strategizing and fostering collaboration—a place where you can find a strong sense of self-identity as well as create authentic conversations,” she said.

Coming to Georgia helped her reconnect to her own purpose and strengthened her goal to connect with more women.

“Experiencing Georgia has heightened my sense on a local, statewide and national level. Women are experiencing these things across the globe. It makes me more connected with my purpose, as well as want to connect with other women. The trip to Georgia was a life-changing experience because I was able to see so many different perspectives. I was able to experience different groups with different challenges,” she said.

“These women want to experience a breakthrough. They want to change policies. What’s so great is that everyone can take what they have learned back to their communities and use it in their culture,” she reflected.

Advice from Meagan: Branding for Success

INVESTOR.GE ASKED MEAGAN WARD WHAT GEORGIAN ENTREPRENEURS COULD DO BETTER TO IMPROVE THE BRANDING OF THEMSELVES. USING SOCIAL MEDIA EFFECTIVELY IS KEY, AS IS OWNING YOUR OWN STORY.

“A core part was owning your success story. We tend to sweep our story under the rug and focus on the shiny part of things, i.e., when we made that sale, when we received that job. Owning the struggle within your success story and sharing it will help people understand that the story can be inspirational to some. It’s powerful, people can relate to it and will also be more prone to buying your service or product,” Ward explained.

“I talked about social media and online branding. I wouldn’t be in Georgia if it wasn’t for social media. I don’t pay for advertising or anything. I’ve received opportunities from social media. I challenged my audience to start being active on social media and being more consistent on those channels,” Ward said.

She added that some main points from her talks were:

- Getting a professional image for your business, whether it be a logo, headshots or website.
- Social media and consistency: you don’t have an opportunity not to post. And every post should have a purpose.
- Cultivate your community. Branding is how we’re perceived by people. You have a community to help define who you are (supporters) that can help you crack into your brand as well as help with what you do and what you can provide.

As an example, Powerful Women served as a foundation on how Ward could help women to solve their problems and issues in corporate America.

- Don’t be afraid to change and re-strategize, whether within or outside your industry.



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Preservation or Innovation? A Debate Rages as Georgian Cuisine Goes Global

GEORGIA'S RICH CUISINE IS GAINING POPULARITY WITH FOODIES AROUND THE WORLD. BUT AT HOME, THE DEBATE ABOUT THE FUTURE OF THE FOOD—PRESERVATION OR INNOVATION—IS FAR FROM DECIDED.

TATJANA MONTIK

Georgian cuisine is in vogue these days. Praise for Georgian dishes is spreading, as wine lovers and foodies around the world learn about the country's rich culinary traditions.

But some Georgian chefs are concerned that a debate raging at home over how far and how fast Georgian cooking should evolve past its signature dishes could dampen the country's gastronomic rise. Issues of food safety and overall standards also threaten to overshadow Georgian cuisine's growing popularity, according to some industry specialists.

PUSHING BORDERS

Over the past several years, Georgian cooking has caught on outside the former Soviet Union, with restaurants opening in capitals around the world.

Take the German capital Berlin. In the past two years, the number of Georgian restaurants has increased to seven. Mzia Chiburdanidze, co-owner of the restaurant Mimino in Berlin's fashionable Fasanenstrasse, says this is a good sign. "Competition is good for business as well as for Georgia as a country," she says, noting that Georgian restaurants abroad play the role of ambassadors of Georgian culture.

MOVING PAST POST-SOVIET

FAME

Chiburdanidze notes that the 70 per cent of her restaurant's clients are people from ex-Soviet countries. But "more and more German visitors are starting to appreciate Georgian food and Georgian wine." Dishes like khachapuri, eggplants with nuts, mtsvadi from veal, pork and sturgeon, as well as chanakhi and chicken tabaka, are very popular with the restaurant's clients.

"Maybe ten years ago, mostly post-Soviets made up the majority of the clients in Georgian restaurants abroad. But now the situation at least in the United States has changed," notes Tekuna Gachechiladze, a successful Georgian gastronomist and owner of three legendary Tbilisi restaurants, Culinarium, Cafe Littera, and Khasheria, who has spent years working in the restaurant industry in the United States and in Germany.

"How otherwise would you explain that such prominent newspapers as The New York Times and The Washington Post are publishing articles about Georgia, its very special exotic cuisine and about the Georgian restaurants opening in the USA with such regularity recently?"

She adds that the Georgian restaurants that opened in the USA in recent years are more modern, lighter and more adapted to the recent food trends and, therefore, more popular with the locals

and not necessarily only with Russians and post-Soviets.

Tiko Tuskadze, the owner of a prominent London restaurant, Little Georgia, which already has two locations, confirms that the popularity of Georgian cuisine is growing as a consequence of Georgia becoming more and more known as a travel destination and popularized as the cradle of wine. "Look how much coverage there is now about our country in the English-language press, and you will understand why Georgian food is gaining popularity. Our good wine has become more and more interesting for Westerners, too. And when people learn about our wine, they automatically become interested in our food," she says.

Her restaurant's clients include visitors not only from Britain or the post-Soviet countries, but also France, India, Japan and China.

"I think when people who are carrying the traditions of great cuisines like the Indian, French, and Chinese are coming to taste our cuisine, maybe we Georgians are entering the culture of great culinary traditions, too?" Tuskadze enthuses.

TRADITION VS. EVOLUTION

Gachechiladze, who loves experimenting with Georgian cuisine, is less euphoric. "Being aware of the traditionalism of the Georgian society," she said, "we should be less proud of the popularity trend of our traditional cuisine abroad. Instead, we should work hard at our food standards and develop our cuisine further, as it was stagnating too long during the Soviet period. Otherwise, our cuisine will end up as Peruvian cuisine did: we saw the rise of its popularity a few years ago, but this trend quickly went down, as the Peruvians did not do anything to develop it."

Chef Guram Baghdoshvili agrees.

Baghdoshvili, who is running a

culinary show on Rustavi-2, has years of experience as a chef in Russia and Portugal. He also helped establish some prominent restaurants in Tbilisi and Batumi. But Baghdoshvili believes that his countrymen “don’t love gastronomy. They just love food,” which, in his opinion, is not enough.

HIGHER STANDARDS, MORE EDUCATION

“At the moment, we have a lot of catching up to do in the gastronomic sector. Five years ago, a chef was not an honored profession in Georgia at all. And we still don’t offer a proper education in this profession. Many chefs only cook according to their own standards concerning quality and taste, as we don’t have any overall standards. This must urgently be changed. Fortunately,

we have some good restaurateurs and chefs, such as Tekuna Gachechiladze, Ketik Bakradze, Levan Kokeashvili and Levan Kobiashvili, working on this issue,” Baghdoshvili said.

Baghdoshvili wants to change the mainstream perception of Georgian cuisine in and outside Georgia. This month, he is opening a new restaurant, Anona, in central Tbilisi. He is planning to offer innovative cuisine, a kind of Georgian-Mediterranean fusion. Baghdoshvili is also trying to break the old ways of cooking through his TV show, which is based on the highly popular Australian TV project “My Kitchen Rules.”

He noted that even young people aged 16 to 20 are watching his program and learning new cooking approaches from it. The chef dreams of establishing a boarding school for underprivileged

children, where they can learn food industry professions, where they can learn professions and skills in the food industry, such as cooking, waiting, bar-keeping, and accounting. “I want them to study a general education program together with their profession and to earn their own money to be independent once they start their careers. If this project can be brought to life, our colleges will provide professional guidance not only for Georgia, but also to all fifteen post-Soviet countries,” he said.

Gachechiladze has been trying to break the Georgian cooking traditions established in the Soviet period. Some of her innovative dishes have already become Georgian culinary classics, such as, for instance, ghomi balls with almond sauce or chakapuli made from mussels. Gachechiladze is convinced ►►

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► that Georgian culinary traditions require an urgent makeover, as “in the Soviet times we were obsessed with maintaining our ancient traditions, to keep them untouched, just to survive. It was in the culture, in the language, in the cuisine.”

“Before [the Soviet Union], Georgian cuisine was more refined, more aristocratic, and if you look into old Georgian cooking books you will find recipes like sauce bechamele and plombier,” she said.

“What we have today are mostly recipes from the standardized Soviet cuisine,” Gachechiladze said, noting that while “‘fusion’ is now a fashionable word, Georgian cuisine has been a pot of different tastes and influences for centuries. Our location on the Silk Road was of major importance to our cuisine. If you look into Georgian classic cuisine, it is a mixture of Persian, Indian, Chinese, European, and Russian tastes. We have adopted all these cuisines very well and made our own unique cuisine out of them. Now, I am intentionally doing what we were doing during for centuries.”

Her urge for innovation started in 2008, when a passing comment by a visiting French chef made her realize what was going on in Georgian restaurant culture. “A famous chef from France, Alain Passard, was visiting Georgia and we brought him to different Georgian traditional restaurants. After five days of trying different famous restaurants, he told me that he wanted to meet the chef of all these restaurants. He thought it was a chain of restaurants with their signature dishes. He was surprised to learn that there were different chefs. He was collecting the menus, asking me ‘How can the menus be the same?,’” she said.

“And then I thought that something is wrong with the restaurant culture here. I realized that there were 35 dishes, and all

of them were the same,” she explained.

PRESERVING A “CULINARY MUSEUM”

Eduard Sikharulidze, chef of the famous Tsitskhvili (“Mill”) restaurant based in Tbilisi’s Dighomi district, argues, however, that tradition is a vital part of Georgian cooking.

For Sikharulidze, the most important thing in Georgian cuisine is having fresh and high-quality products, but not touching old recipes. “Our restaurant is a kind of culinary museum,” he said, “and we cherish our old recipes so much that the cooking process is for us a holy ceremony. Each dish we prepare from the best products—the quality of which I check every day when our suppliers deliver them to our premises. We have

“We should work hard at our food standards and develop our cuisine further, as it was stagnating too long during the Soviet period.”

a doctor working at it, too, and a special appliance checking the groceries for nitrates. For instance, our meat only comes from Georgian cattle and poultry.”

Tinatin Lominadze, a former housewife who now teaches cooking classes out of her home, also worries about unchecked innovation. Lominadze provides culinary master-classes together with wine-tastings not only for people from the former Soviet Union, but also for German, French, British and American guests. “Our cuisine is unique, and it is able to open the hearts of even strong introverts. Georgian culinary art teaches people to look at life from a slightly different point of view, one with a Georgian accent,” she said.

“The value of our cuisine lies in our old traditions, which should stay untouched,” she added.

Lominadze noted that there is a danger in the growing popularity of Georgian cuisine: “For example, old recipes can be distorted and then popularized by inexperienced bloggers who often share something with others of which they have no idea at all.”

MEETING INTERNATIONAL STANDARDS

Regardless of whether Georgian chefs opt for the traditional recipes or create new versions, the country is doing a good job in improving food safety standards, according to Hendrik Kuusk, an Estonian working as an international long-term adviser within the Georgian National Food Agency. His specialty is the whole food chain, starting with food safety and ending with state support to the restaurant sector.

“I cannot say anything bad about the food standards in Tbilisi. In the capital, you have many so-called open-kitchen restaurants, so the customers can see what is being cooked and what others are doing in the kitchen. Those standards are up to international level; I have nothing to complain about: how they manage the food, how they manage raw materials. All the materials they use are fresh.”

He added, however, that the situation is a bit different outside the capital.

In general, Kuusk said, “food safety is developing quite well in Georgia.”

“If you compare it to 2010, when I started to come to Georgia, there was absolutely no kind of food safety or veterinary or animal control existing. Those were different times. Now the system is working. The National Food System of Georgia is well-trained and more training is ongoing. Judging from the state side, I can say this. And from the customer side, let’s say these standards are good.”



Tbilisi Neighborhoods: Avlabari

INVESTOR.GE HAS TEAMED UP WITH ANALYST AND HISTORIAN EMIL AVDALIANI TO EXPLORE THE HISTORY OF TBILISI'S GREAT NEIGHBORHOODS. IN THIS ISSUE WE WILL BE EXPLORING THE AVLABARI DISTRICT.

Avlabari is a historical district located on the left bank of the Mtkvari River. It is famous today for its churches and Armenian heritage.

For centuries it was firmly outside city, cut off from the ancient neighborhoods by the river. It was known for an Arab prison and, for a time, called Soghdebili (სოღდებელი), which is believed to be a reference to an ethnic group that settled in the area when Tbilisi was part of the Persian Empire.

The first mention reference to its modern name dates back to the 14th century when it is mentioned as a suburb of Tbilisi. The name—a mixture of the Arabic “Havl” (“field”) and the Persian “Bare” (“fence” or “rampart”)—appears to support the idea that it was considered somewhere apart from the city—the place beyond the barrier.

It was also at times known as Isani (“fortress” in Arabic), but should not be confused with the current Isani, which is a large district to the east of Avlabari.

A NEIGHBORHOOD OF MARKETS

Avlabari hosted Russian military barracks in the early 19th century and Russian Governor-General Ivan Paskevich designed a plan to turn it into a district of the capital in 1831. A map of the area dating back to that period shows it divided into small quarters and blocks for officers and soldiers.

Paskevich’s plan was eventually dropped, however, and instead Avlabari expanded under a slow spread of streets and standardized building façades. It became famous for its markets, which hosted merchants from neighboring cities.

KALEIDOSCOPE OF HISTORY

Even though Avlabari has never been the heart of the city, it is full of sites that reflect Tbilisi’s multi-cultured and multi-ethnic past.

Historically, Avlabari has been home to Tbilisi’s large Armenian population, one that has traditionally been concentrated around the Echmiadzin Cathedral

(Ketevan Tsamebuli Square). Other prominent churches are also located in the district, including the Holy Trinity Cathedral of Tbilisi, commonly known as Sameba (სამების ლავრა), which means “trinity.”

Constructed between 1995 and 2004, Sameba is the third-tallest Eastern Orthodox cathedral in the world and one of the largest religious buildings in the world by total area.

Avlabari also hosts an old clandestine printing house that was set up by Joseph Stalin in 1900 on what is now Kaspi Street. He believed that the compiling, publishing and disseminating of illegal literature was an important aspect of the nascent revolutionary movement. Stalin’s pupil and friend Mikho Bochordize was assigned to organize the printing house. The printing press produced newspapers and proclamations in the Russian, Georgian, Azeri and Armenian languages.

Not far from the Avlabari metro station, a beautiful palace—known as Queen Darejan’s Palace—overlooks the Mtkvari River, on Vine Rise near Europe Square. Darejan, wife of the famous Georgian King Erekle II, eventually became one of the figures of opposition to Russian rule in Georgia. Not far from the palace, the famous historic neighborhood of Metekhi is perched on the cliffs, overlooking the Mtkvari River. The neighborhood is home to the eponymous Metekhi Church of Assumption. Today, Avlabari has become a hub for tourists and home to some of the city’s newest architectural sites: the Bridge of Peace, which connects Avlabari and the Old City; Rike Park, an open and green recreational area that serves as a gateway to the historic Narikala Fortress and Botanical Gardens via a gondola; and the new presidential palace, located between Tsutskiridze and Abdushelishvili Streets.



The Forgotten Father of Georgia's Modern State

THE FIRST DEMOCRATICALLY ELECTED LEADER OF GEORGIA, NOE JORDANIA, WAS THE VOICE OF A GENERATION OF GEORGIANS WHO GRAPPLED WITH GREAT CHALLENGES AND, AGAINST ALL ODDS, CREATED AN INTERNATIONALLY RECOGNIZED DEMOCRACY.

It is said that history belongs to the victors, so perhaps it is not so surprising that the Soviets were keen to erase the memory and legacy of the Democratic Republic of Georgia (DRG).

But today, thanks to a determined group of historians in Georgia and abroad -- and the tireless efforts of the descendants of Noe Jordania and other leaders of the First Republic --- the accomplishments of Georgia's first modern state are finally coming to light.

A LITTLE-KNOWN MIRACLE

The DRG, also known as the First Republic, was the first modern Georgian state.

Its founders -- including great Georgian statesmen like Noe Jordania and Noe Ramishvili, among many others - managed to create a democracy that received wide international recognition.

That was no easy task. The Georgia that emerged from the ruins of the Russian Empire was not a state: it had been ruled by the tsar's viceroy for over a hundred years.

Jordania and the rest of the political elite had to create the country, stressed Jordania's granddaughter, author Christine Pagava-Boulez, who runs a blog documenting the First Republic and its achievements as well as her grandfather's life and political career.

"Their first job is to erect a state... what is fantastic is that they managed to do it," she said, underlining that the state they created was very "progressive as the laws and the Constitution show."

Among the many institutions that the country lacked was a military force, a vital element to maintaining the country in the face of myriad threats.

In the face of debilitating economic crisis and a lack of foreign assistance, what Jordania and the rest of the Georgian political elite managed to do was

nothing short of a miracle, noted French historian, professor emeritus at INALCO (Paris), Charles Urjewicz, Chairman of the Noe Jordania Institute.

"For the Georgians of that time, it was so important to build a national state, a social state and a democratic state. Of course it is very difficult for people today to understand it, just because we do not know about it," he said.

"The Georgians were not Bolsheviks; they wanted a real democratic system in their country. That has been forgotten."

The path they chose was difficult especially in the context that existed following WWI.

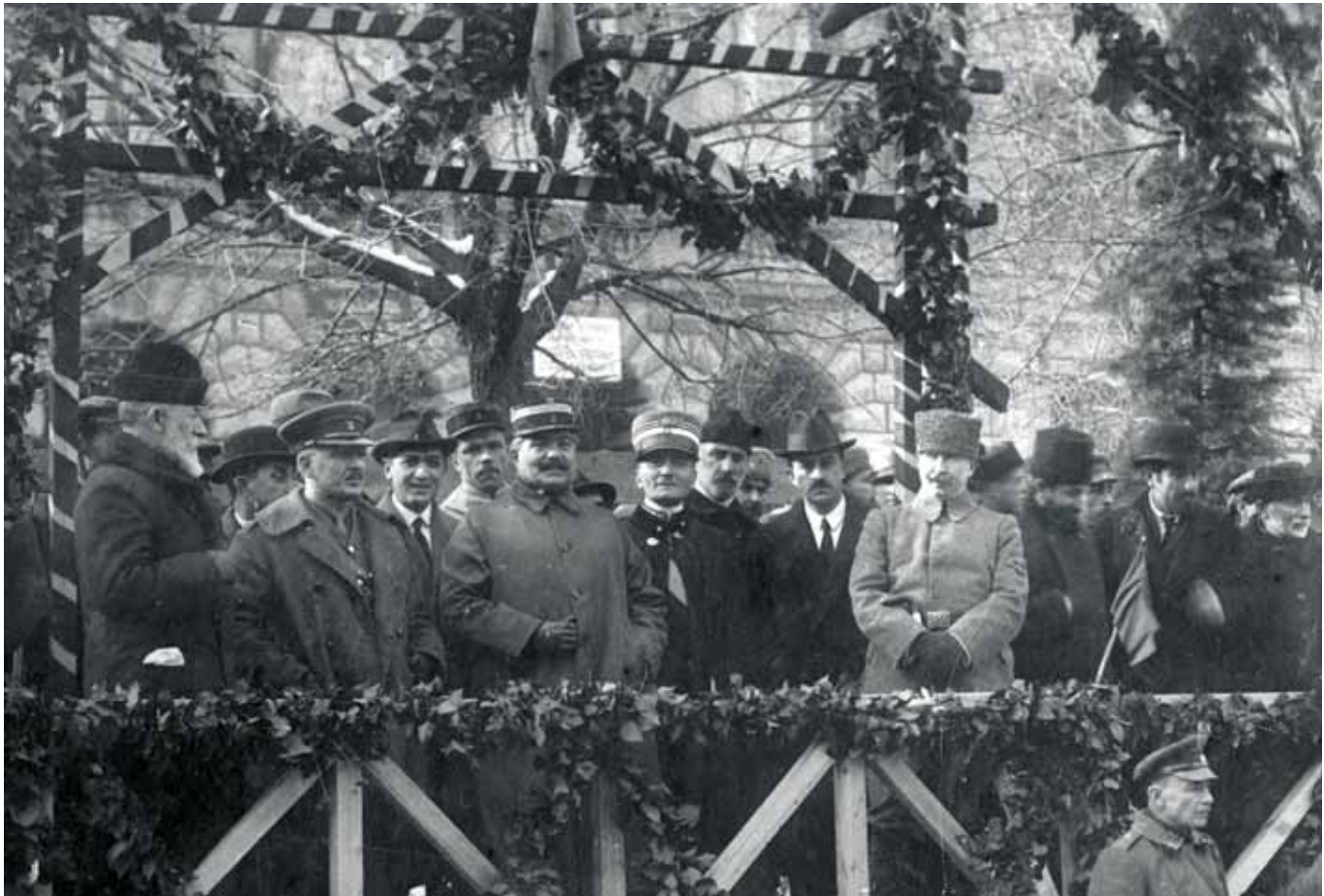
While Georgian intellectuals, including Jordania and his contemporaries, had strong ties to European countries, Europe was in the middle of its own crisis and was unable to take into account the emergence of these new states.

Georgia also faced threats from the declining Ottoman Empire to its west, the Bolsheviks and the White Russians from the north and, by 1920, from the Soviet army in Armenia and Azerbaijan.

But it managed to survive -- a feat that few of the nations that struggled for existence after the fall of the Russian Empire managed to achieve, noted Giorgi Kandelaki, an opposition MP from European Georgia in the Georgian Parliament who has done extensive research on the First Republic.

With the notable exception of more established nations, like the Baltic States, Poland and Finland, "Georgia, it appears, was the only country which emerged from the ruins of the Russian Empire, which managed to obtain full-fledged international recognition," he said.

There were many attempts at state building when the tsarist empire collapsed and as the civil war in Russia progressed. But many of them were very unsuccessful and faded very quickly...



Parade in honor of de jure recognition of Georgia. Tbilisi, January 1921

In a nutshell, only Georgia managed to obtain full-fledged international de jure recognition from Britain and France and so forth.”

That distinction is important, Kandelaki stressed, because it means Georgia, like the Baltic States, has a legacy as a modern democracy before it was occupied by the Soviet Union.

“At the heart of ... political discourse in the Baltic states, is a very simple and straightforward narrative: ‘We had our own country and that country was doing pretty well by the standards of that time. And then these bad guys came with guns and destroyed it and killed lots of people and now we can rightfully reclaim what was taken away from us’,” he said.

“This narrative is completely absent in Georgia but is no less true... we had

a good country and it was destroyed against the will of its people – there is no political propaganda element to that fact – it is just true. But this fact is not present in our national narrative. Even educated people - or more or less educated people in Georgia - do not have this knowledge inside them, that we had this successful, normal country and it was destroyed.”

A FUNCTIONING DEMOCRACY

“To put it very succinctly, the Democratic Republic of Georgia worked. It had institutions that worked in those tumultuous years after the First World War, when there was a huge economic crisis everywhere, where there was no International Monetary Fund or World Bank to aid countries in crisis – Georgia overcame the problems of the day quicker than

many other countries, like Poland, like hyper inflation was overcome towards the end of 1920,” Kandelaki said, noting that successful, multiparty elections were held, both parliamentary and local elections.

The Democratic Republic of Georgia also had functioning institutions: Parliament, local government, jury trials and, indeed, free press.

Not only was it a success, but DRG had a distinct foreign policy: Georgia wanted to be part of Europe. Jordania and his government, which worked closely with the main political opposition in the country - the National Democrats - built a progressive country that espoused European values.

“Jordania was a real European intellectual, able to deal with theory, able ►►



Parliament and Cabinet of the Democratic Republic of Georgia (around 1920)

► to deal with daily politics and able to compare Europe and Georgia,” Urjewicz said.

“But the question was, how to reach Europe? If you wanted to build something, the only way was to radicalize yourself ... and society was very radical in Georgia, but not radical in a Bolshevik way, and that is a very important point,” he said.

Jordania’s vision was profoundly different than that of the Bolsheviks: he dismissed Lenin’s ideas of Marxism as “utopian” and completely out of sync with the reality in Georgia.

A scholar and talented writer, Jordania had a strong appreciation of the power of peasants to create change. He was born in Guria, in western Georgia -- a small province that played an oversized role in revolts against the tsar during the Russian Empire.

In his book, *My Past*, Jordania explains how Georgian socialists sought a different path.

“We had managed to extricate ourselves from Russian socialism...The slogan and practice of the Russians was: ‘The liberation of the workers is the business of the devoted intelligentsia’... In Europe and Russia, only factory workers were considered as belonging to the working class. They constituted the

industrial proletariat, that which would lead to the other toiling masses (peasants, artisans) to the Promised Land. We, on the contrary, have bound the workman to the peasant...” he wrote.

What Jordania and his government created was a country based on a progressive constitution that gave both men and women the right to vote, abolished the death penalty and made clear the separation of church and state. People were given the right to strike and minors -- people under the age of 16-- were prohibited from working. Primary education was free and compulsory.

THREE MYTHS

Contrary to popular myth, neither the Bolsheviks nor Stalin were popular in Georgia at that time, Kandelaki said, adding that Stalin insisted on launching a military invasion as quickly as possible, rather than postponing it as Lenin was suggesting.

The invasion was launched on February 11, 1921 citing the need to assist the “oppressed proletariat,” Kandelaki said.

The First Republic held for one month, fighting down two Russian armies on five fronts in battles that used all the modern military equipment at Russia’s disposal -- tanks, armoured trains, aircraft.

In an effort to preserve the government and sovereignty, the National Assembly voted to evacuate to France so they could continue efforts to convince Europe and other allies to defend Georgia and its independence.

Jordania and others continued the fight from France - they prepared for the ultimately unsuccessful armed insurrection against the Soviets in 1924 and they fought on the diplomatic front: signing treaties and documents, forcing Europe to continue to recognize Georgia’s de jure independence.

The work of Jordania and his government was successful in several areas: they maintained international de jure recognition of Georgian independence until 1934, when the League of Nations officially recognized the Soviet Union in its official boundaries; their diplomatic efforts made it much easier for Georgia in 1991, when it re-established its independence, as well; they were able to help Georgian émigrés, including saving Georgian Jews living in France during WWII.

But their legacy was not powerful enough to stop three myths that emerged during the decades that followed, which, according to Kandelaki, continue to “haunt us.”

“There are three myths about the

Democratic Republic of Georgia that are incredibly omnipresent, and these myths haunt us. These myths are not just historical -- I am not looking at this as a historically curious fact - it is something that is relevant for our state building and democracy effort today," he said.

One myth is that the Soviet occupation of Georgia was not really an occupation at all; rather one group of Georgians (the First Republic) fought against another group of Georgians (the Bolsheviks) and lost.

But that was not the case. Almost no Georgians fought as soldiers in the entire war, Kandelaki noted, and the Bolsheviks, in general, were very unpopular in the country.

"The way to measure the people's will is through elections and Georgia held two elections, parliamentary and local. In 1919, there were parliamentary elections in which local Bolsheviks took part and they could only get 700 votes. No one knew them — they had no base, nothing. Stalin's personality was very much resented, very much resented, especially after the occupation," he said.

The second myth is the question of whether Georgia did really resist the Bolsheviks. Historical documents make it clear that the government did really resist, and its allies helped -- the French navy attacked the Red Army in Abkhazia: in fact, Jordania and his government never even surrendered, Pagava-Boule stressed.

She noted there is a misconception in Georgia that once Jordania and others arrived in France, they "saw that nothing could be done, and then Noe Jordania just wrote articles and books. That is absolutely false."

The third myth is that the First Republic was a failed state anyway, so the fact that it was occupied by Soviet Russia should not matter, Kandelaki said.

The myth is that "we are just a bunch of crazy people and somehow we are not capable of constructing a successful, modern, democratic state," he said, which research has shown was not true.

"I would argue that if you apply the standards of social science, one could say that the Democratic Republic of Georgia was a consolidated democracy... obviously there was no time to test whether governments could alternate, but they were not clinging to power, one could say," Kandelaki said.

LEARNING FROM THE PAST

The fact that many people, including people in Georgia, believe these three myths shows there is a danger of history repeating itself, he noted.

"We lost independence because of Stalin, and now this fake Georgia, anti-Western nationalism, which is at the heart of this Russian informational warfare is again wrapped around Stalin," Kandelaki said, adding that five new statues of Stalin have been erected in Georgia since 2012. Also, the project to transform the Museum of Stalin in Gori, launched in early 2012, was suspended by the current government, and the museum still eulogizes this mass murderer. This ambivalence towards the Soviet past is, at best, irresponsible and dangerous," he said.

"There is a complete lack of context of where this country is coming from and if you lose this sense, then you will screw up again... We should learn about the Democratic Republic of Georgia because, first of all, it deserves to be known by the people of this country and, by understanding how successful this undertaking was, we will have a better understanding of the context of where we are coming from and where we want to go.

"This idea, that Georgia should be Western, it was not invented recently...

Whenever the people of this country have had the free opportunity to express their opinion, this was a fundamental consensus in this society and this understanding of this context will perhaps help our society to avoid these mistakes and make correct decisions."

A YEAR TO CELEBRATE

2018 is the 100th anniversary of the Democratic Republic, the first modern, independent Georgian state. In honor of the anniversary, *Investor.ge* is launching a year of features that spotlight great Georgians — some from the past, some from today —and the contributions they have made to their country and the world.

From sports to archeology, astronomy to military strategy, Georgians have made their mark in nearly every field imaginable at home and across the globe.

But in the sea of news that floods our lives today, it is easy to overlook —or simply forget — what they have achieved.

We will look at everyone from Olympians to inventors, physicians to military commanders, and we welcome your suggestions as we plan our coverage. There are two caveats: the features will focus on Georgia's modern history; they will not, however, include political leaders from the 21st century.



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ADB, WB DETAILS INFRASTRUCTURE PROJECTS

AmCham hosted Yesim Elhan-Kayalar, Asian Development Bank Georgia Country Director and Mercy Tembon, Regional Director, for the South Caucasus, at World Bank at a monthly roundtable meeting at Holiday Inn on January 24. Elhan-Kayalar and Tembon presented about their organizations' pipelines of work for 2018, particularly their involvement in infrastructure projects. The presentation was followed by dynamic Q&A session between AmCham members and the panelists. A new member was recognized as a Corporate A Member: Anaklia Consortium Development.



AMCHAM'S TOURISM COMMITTEE HOSTS CONVENTION BUREAU HEAD

The AmCham Tourism Committee met on December 8 in order to discuss and sum up the latest, most important issues that the tourism industry has

encountered during the last few months. The Committee's invited guest, Tornike Zirakishvili, who currently serves as the Head of the Convention and Exhibition

Bureau Department at the Georgian National Tourism Administration, provided members of the Committee with a brief update on recent developments.



Anaklia Deep Sea Port

9 Development Phases

- ▶ 100 million tons annual capacity
- ▶ USD 2.5 billion investment volume
- ▶ 340ha development territory

Phase 1

- ▶ Leading operator SSA Marine with state of the art TOS system
- ▶ Up to 900 thsd. TEU annual capacity
- ▶ Up to 1.5m ton of dry bulk capacity
- ▶ Able to accommodate vessels up to 10,000 TEU
- ▶ First Vessels to be received by 2020

Primary Market

Landlocked Caucasus countries
17m population
USD 102b total GDP
+4% average GDP growth outlook

Secondary Market

Landlocked Central Asia countries
146m population
USD 759b total GDP
+5% average GDP growth outlook

Anaklia City and Special Economic Zone

- ▶ Special Economic Zone (SEZ) adjacent to the deep-sea port site
- ▶ Initial project land plot up to 400 ha, with expansion to a city scale project of up to 2000 ha
- ▶ Focusing on light manufacturing, logistics, warehousing, manufacturing and assembly, distribution centers, retail and other essential businesses
- ▶ Each facility to be served with linked road, rail and port infrastructure
- ▶ New branded legislation to provide regulatory grounds for Anaklia City and Special Economic Zone development
- ▶ Green and Smart City concept with a full pledge on urban and spatial planning from the outset

Highlights

- ▶ The shortest route between Europe and Asia
- ▶ Georgia as founding member of TITR association offering preferential Through Rates across the Middle Corridor inland multimodal route between two continents
- ▶ Transit time 11 days from North-West China to the borders of Europe
- ▶ By 2020 estimated at least 200 000 TEU of additional transit volumes for the Middle Corridor as an effect of OBOR initiative
- ▶ Integral part of the South-West Transport Corridor
- ▶ Special tariff policy for the development of Persian Gulf Black Sea corridor



LEVAN AKHVLEDIANI

CEO Anaklia Development Consortium

Georgia cuts the route to Europe in half. **This way is more profitable for high-value cargo.** Large companies which hold high-value cargo are interested in spending the least amount of time on transport and having the fastest manufacturing cycle. **Anaklia port will also significantly reduce the price as we estimate 160 USD less per TEU.**



KETI BOCHORISHVILI

CEO JSC Anaklia City

"Anaklia City" will become a focal point for international business and high value-added service industries, it plans to attract light manufacturing production, logistic companies, as well as service sectors and will be open to **global corporations, financial and insurance players.** The city will be built and developed as an industrial park, residential, business complex, educational area, office space and recreational area.



Anaklia Development Consortium Corp A

The Anaklia Development Consortium (ADC) is developing the Anaklia Deep Sea Port and the Anaklia Free Industrial Zone in the Black Sea Region to breathe new life into the ancient Asia-Europe trade route. Both developments are granted through an investment agreement provided by the Ministry of Economy and Sustainable Development of Georgia for the rights to develop, finance, design, construct, operate, market, manage, and grow the Anaklia region. ADC embraces the Silk Road vision to accelerate Georgia's GDP growth and create jobs for its people. The Anaklia Port will be a lasting economic driver for Georgia, both as a national asset representing Georgia's historic significance and its vital role in the evolving global economy.

www.anakliadevelopment.com

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www.bpgeorgia.ge

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4 Besiki St., 0108
Tel: 2935713; Fax: 2982276
www.kpmg.ge

PwC Georgia

12 M. Aleksidze St., 0160
King David Business Center
Tel: 2508050; Fax: 2508060
www.pwc.com

UGT

17a Chavchavadze Ave., 7th floor
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www.ugt.ge

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Alliance Group Holding, JSC

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www.agh.ge

American Medical Centers, Georgia

11 D. Arakishvili St., Tbilisi
Tel: 2500020
114, Gorgiladze St., Batumi
Tel: (+995 32) 250 00 77
www.amcenters.com

Anaklia Development Consortium

6 Marjanishvili St.
Tel: 2959910
www.anakliadevelopment.com

Avon Cosmetics Georgia LLC

117 Tsereteli Ave.
Tel: 2226805; Fax: 2226806
www.avon.com

Betsy's Hotel / Prosperos Books

32/34 Makashvili St. /
34 Rustaveli Ave.
Tel: 2987624, Fax: 2923592
www.betsyshotel.com

British American Tobacco

71 Vazha Pshavela Ave.
Tel: 2157500/01/02; Fax: 2157503
www.bat.com

Budget Rent a Car - Otokoc Georgia LLC

37 Rustaveli St.
Tel: 2234112
www.budget.com.ge

Caucasus University

77 Kostava St., Bld.6, 4th fl.
Tel: 2377777; Fax: 2313226
www.cu.edu.ge

Chemonics International

5, 2nd Blind Alley, Chavchavadze St.
Tel: 2234311; Fax: 2234309
www.chemonics.com

CleanTech Ltd.

5 Avlip Zurabashvili St., 0144
Tel: 2922202
www.cleantech.ge

Colliers International Georgia LLC

11th Floor, King David Business Center, 12 M. Aleksidze St. 0171
Tel: 2224477
www.colliers.com

Conformity Assessment International (CAI) LLC

8 Politkovskaya St., 1086
Tel: 595690008
www.cai.international

Cushman & Wakefield Georgia

6th floor, Block 10,
71 Vaja-Pshavela Ave.
Tel: 2474849
www.cushmanwakefield.ge

Dechert Georgia LLC

7th floor, Pixel building,
34 Chavchavadze avenue
Tel: 2334719
www.dechert.com

Deloitte

36a, L. Asatiani St., 0105
Tel: 2244566; Fax: 2244569
www.deloitte.ge

Dentons Georgia LLC

10 Melikishvili St.
Tel: 2509300; Fax: 2509301
www.dentons.com

Diplomat Georgia

65, Kakheti Highway
Tel: 2984950
www.diplomat.ge

EY Georgia

44 Kote Abkhazi St.
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www.ge.ey.com

F H Bertling Georgia Ltd.

Room 3, 4th Floor,
154 Agmashenebeli Ave.
Tel: 2252287
www.bertling.com

FINCA Bank Georgia

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Tel: 2244949
www.finca.ge

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Tel: 2931570
www.foodtvgeo.com

Frontera Resources Georgia

12 Paliashvili St.
Tel: 2252412
www.fronteraresources.com

Gazelle Finance Georgia LLC

Office 10, 5 Niko Nikoladze St., 0108
Tel: 2904304
www.gazellefinance.com

General Electric

5th Floor, Pixel Building,
34 Chavchavadze Ave.
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www.ge.com

Georgian American Alloys, Inc.

200 S Biscayne Blvd Suite 5500,
Miami FL 33131 USA
Tel: (1)3053757560
www.gaalloys.com

Georgian American University

8 Aleksidze St.
Tel: 2206520; Fax: 2206519
www.gau.ge

GMT Group

4 Freedom Square
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www.gmt.ge

Gosselin Mobility Georgia

3 M/D, Didi Digomi
Tel: 2596601/02/03; Fax: 2596600
www.gosselinmobility.eu

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Tel: 2604406
www.grantthornton.ge

Greco Group

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Tel: 2393138; Fax: 2311107
www.greco.ge

GT Group

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Tel: 2740740
www.gtgroup.ge

GULF Georgia by Sun Petrolium Georgia LLC

Pixel Business Center,
34 Chavchavadze Ave.
Tel/Fax: 2496444
www.gulf.ge

Hilton Batumi

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Tel: 292092
www.hilton.com

Iberia Refreshments, JSC

Tetri Khevi Hesi District, Orkhevi
Tel: 2241091; Fax: 2241090
www.pepsi.ge

IMSS Ltd.

10a Bakhtioni St.
Tel: 2920928
www.imss.ge

Kartlos Group

20 Ushangi Chkheidze St., 0102
Tel: 599540893
www.kartlosgroup.com

Kavkaz Cement JSC

29 Andronikashvili St., 0189
Tel: 2619090
www.kavkazcement.ge

Maersk Georgia LLC

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Tel: 2200800; Fax: 2200815
www.maerskline.com

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www.marriott.com

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Tel: 2745188
www.ups.com

■ **Microsoft Georgia LLC**
34 Chavchavadze Ave.
Tel: 2970123
www.microsoft.com

■ **M & M - Militzer & Munch Georgien, FedEx GSP**
39 Ketevan Tsamebuli Ave.
Tel: 2748240, 2748941
www.fedex.com/ge

■ **Office Technologies-Steelcase Dealership**
4 Freedom Sq., 0105
Tel: 2999980, 2688229
www.officetechnologies.ge

■ **Oracle**
Ayazağa Mevkii Meydan Sok.
Spring Giz Plaza Kat:11
Maslak, Istdnbul, Turkey
Tel: 577500151
www.oracle.com

■ **Orient Logic Ltd.**
8 Beliashvili St.
Tel: 2541818
www.orient-logic.ge

■ **PepsiCo Wimm-Bill-Dann**
Village Ponichala, Tbilisi 0165
Tel: 2475290
www.wbd.ru

■ **Philip Morris**
1 Tabidze St.
Tel: 2439001; Fax: 2439005
www.philipmorrisinternational.com

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www.sheraton.com/tbilisi

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www.spotcoin.net

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www.mcdonalds.ge

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Tel: 2272727; Fax: 2228503
www.tbc.com.ge

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www.tmcservices.com

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www.willis.com

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MEMBERS' APPRECIATION HOLIDAY RECEPTION AT HOLIDAY INN LOUNGE

ON DECEMBER 13, AMCHAM GEORGIA HOSTED A MEMBERS' APPRECIATION HOLIDAY RECEPTION AND NETWORKING EVENT AT THE HOLIDAY INN LOUNGE. WITH MORE EVENTS AND MORE POLICY INITIATIVES, IT'S BEEN A WONDERFUL YEAR FOR AMCHAM. AMCHAM PRESIDENT MICHAEL COWGILL GREETED THE GUESTS AND BRIEFLY HIGHLIGHTED THE ACHIEVEMENTS AND CHALLENGES OF THE PAST YEAR. GUESTS ENJOYED COCKTAILS, MULLED AND GEORGIAN WINE, AND DELICIOUS HOLIDAY FOOD AND DESSERTS. MEMBERS USED THE OPPORTUNITY TO RECONNECT WITH FRIENDS AND COLLEAGUES.



Sarah Williamson and Lasha Gogiberidze



Tamar Zamtaradze and Salome Kukava



Maka Burjanadze,
Mako Giorgadze,
Nino Menteshashvili,
Valerian Gvalia and
Umit Aydogan



Manzoor Shah, Ia Meskhi, Sabina
Alakhverdova, Lana Atamova and
Garatel Alakhverdova



Lina Jikia and Irakli Baidashvili



Tobbi Walsh and Ken Walsh

AMCHAM BACK TO BUSINESS COCKTAIL RECEPTION AT RIVERSIDE HOTEL

ON FEBRUARY 2ND AMCHAM GEORGIA HOSTED A MEMBERS' BACK TO BUSINESS COCKTAIL RECEPTION WITH THE RIVERSIDE HOTEL TIFFANY TERRACE. AMCHAM GEORGIA PRESIDENT MICHAEL COWGILL GREETED THE GUESTS AND THANKED THE RIVERSIDE FOR HOSTING THE RECEPTION. MEMBERS USED THE OPPORTUNITY TO RECONNECT WITH FRIENDS, COLLEAGUES AND FELLOW REPRESENTATIVES OF MEMBER COMPANIES.



Petter Svaetichin and David Lee



Berat Eemisi



A toast to AmCham members!



Tobbi Walsh and Ken Walsh



Jaba Gvelebiani and Nini Kapanadze



Dimitri Shvelidze and Nugo Shvelidze

AFG GALA

ON DECEMBER 9 AT THE HOTEL BILTMORE, AMERICAN FRIENDS OF GEORGIA HELD ITS TRADITIONAL CHARITY GALA EVENING "RESTORE LIFE." THE EVENING AIMED TO PROMOTE THE IDEA OF PHILANTHROPY AND BENEFIT THE MOST VULNERABLE CHILDREN AND ELDERLY IN GEORGIA. THIS YEAR, THANKS TO GENEROUS SPONSORS, THE GALA SUCCESSFULLY RAISED \$93,000 AFTER EXPENSES. THIS WILL ENABLE AMERICAN FRIENDS OF GEORGIA TO CONTINUE RECONSTRUCTION OF THE DZEGVI SHELTER AND SUPPORT ITS HOSPICE AND PALLIATIVE HOMECARE PROGRAM!

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Tamar Kirvalidze



Cliff Isaak and Mari Nadaraia



Ian C. Kelly and Cameron McNielle



Tako Johnson and Lena Kiladze



AFG guests



Zura Lalazashvili and Levan Mklavishvili



Nincho Jibladze, Tata Eristavi and Nana Dvali



Valeri Chekheria and Nincho Jibladze

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