

FROM THAILAND TO TBILISI:
DIGITAL NOMADS COME TO
GEORGIA

GEORGIAN ELECTRICITY
MARKET SURGES TOWARDS
GREEN ENERGY, EU
COMPLIANCE

MARITIME SECTOR BEGINS TO
MAKE WAVES AS GEORGIA
PUSHES OUT TO SEA

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Georgia's Road to a Greener Future



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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. INFORMATION IN THIS ISSUE WAS TAKEN FROM AGENDA.GE AND OTHER SOURCES.

Q3 2019 EMPLOYMENT RATE UP 4.6%

4.6% more people were employed in Georgia in Q3 of 2019 in comparison to the same period last year, Geostat reports. Georgian businesses employed 696,000 people in the third quarter of 2019, of whom 40.9% were women and 59.1% men. 41.5% those employed worked in small businesses, while 36.3% worked in large businesses and 22.2% in medium-sized businesses. Trade (26%), manufacturing (10%), transportation and storage (8%) and hospitality (6%) employed the most amount of people. 64% of salaried workers were located in Tbilisi, with 10% in Adjara, 7% in Kvemo Kartli, 6% in Imereti and 4% in Samegrelo-Zemo Svaneti.

TRANS-ANATOLIAN PIPELINE [TANAP] OFFICIALLY LAUNCHES

The Trans-Anatolian Pipeline connecting Azerbaijan's Shah Deniz gas field to Europe has officially begun operations. TANAP connects the South Caucasus Pipeline with the Trans Adriatic Pipeline, enabling Azerbaijani gas to reach Italy and Bulgaria and from there make its way onto other European markets. The construction of the \$6.5 billion project began in March 2015, and is

expected to deliver 16 bcm to Europe annually in the first stage, rising to 23 bcm by 2023 and to 31 bcm by 2026. Georgia will receive 5% of the transported gas as a share of the transit from Azerbaijan to Turkey, equivalent to about 300 million cubic meters of gas. This volume is projected to rise to 1.1 billion cubic meters as exports increase.

GEORGIA ASSUMES INTERNATIONAL OLIVE COUNCIL PRESIDENCY

Georgia become the 17th member of the International Olive Council and assumed a one-year presidency of the organization. Georgian Olive founder Giorgi Svanidze will serve as the chair during Georgia's presidency. Svanidze says there is potential for Georgia to become a "third hub of olives in Europe" in the near future.

PARLIAMENT APPROVES 2020 BUDGET AT 14.43 BILLION GEL (\$3.6 BILLION)

Georgia's state budget for 2020 has been finalized at 14.43 billion GEL (\$5 billion) – an increase of 221 million GEL (\$75.79 million). The largest expenses of the budget include funds for the Ministry of Internally Displaced Persons, Labor, Health, Social Affairs with 4.36 billion GEL (\$1.5 billion), while the Ministry of Education will have 1.66 billion GEL (\$575 million). The Ministry of Regional Development and Infrastructure has been given a budget of 2.07 billion GEL (\$717 million). An additional 1 billion GEL (\$346 million) will be spent on the repayment of largely foreign debts.

FDIS AT \$417.3 MILLION IN Q3 IN 2019

Foreign direct investments came to \$417.3 million in Q3 2019, making for a 13.7% increase compared to the same



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THE LEADER IN TRADE FINANCE IN GEORGIA

TBC BANK HAS RECEIVED THE BEST TRADE FINANCE PROVIDER IN GEORGIA AWARD 2020 BY GLOBAL FINANCE AND WAS ALSO NAMED AS THE MARKET LEADER AND BEST SERVICE PROVIDER IN TRADE FINANCE SURVEY 2020 BY EUROMONEY.





► period last year. The top three investing countries were the United Kingdom (18.8%), the Netherlands (16.4%) and Turkey (10.3%), with major investments being made in the financial sector (\$96 million), manufacturing (\$49.3 million) and hospitality (\$45.7 million), providing for 45.7% of all FDI in Q3 2019.

GEORGIAN WINE GENERATES RECORD \$220 MILLION IN SALES IN JAN-NOV 2019

Georgian wine producers sold 86 million bottles of wine abroad in January-November 2019, generating \$220 million and making for a 20% increase in revenue compared to the same time period last year, the Ministry of Agriculture reported in early December.

GEORGIAN EXPORTS HIT HISTORIC HIGH IN 2019

Georgian exports hit a historic high in 2019, with exports increasing 12.4% in comparison to last year and reaching \$3.77 billion. Further closing the trade deficit, imports were down 0.8 percent, amounting to \$9.06 billion. Exports to

the EU in particular were up 13% (\$825 million), and made for 21.9 percent of all exports. The increase was partially thanks to jumps in the export of wines (+13.2%), still and mineral waters (+21.2%), citrus fruits (+44.4%), spices (+24.7%) and other fruits. Overall external trade amounted to \$12.83 billion in 2019.

GEORGIA, UKRAINE, AZERBAIJAN AND MOLDOVA AGREE TO CREATE UNIFIED ECONOMIC ZONE, ENHANCE FREE TRADE

Georgia, Ukraine, Azerbaijan and Moldova (GUAM) signed an agreement in mid-December to 'create a unified economic zone with the goal of reaching a free trade agreement.' The GUAM countries will focus on developing economic relations, transport, energy, free trade and tourism, in addition to other fields.

EUROPEAN INVESTMENT BANK LOANS 65 MILLION EUROS TO SUPPORT GEORGIAN SMES

The European Investment Bank plans to allocate 65 million euros to support Georgian small and medium-size business. Per the EU4Business initiative, Bank of Georgia will receive 50 million euros, while Liberty Bank will receive 15 million euros. The EIB hopes to help stimulate the creation of 7,800 jobs through the loan.

GEORGIAN ECONOMY GROWS 5.8% IN Q3 2019

The Georgian economy posted 5.8% growth in the third quarter of 2019, Geostat reports, with nominal GDP amounting to 13.4 billion GEL (\$4.61 billion). Sectors that experienced particular growth were arts, entertainment and recreation (19.9%), information and communications (18.2%), construction (17.1%), while public administration and

defense shrunk 4%, mining and quarrying were down 2.2% and financial and insurance activities also shrunk 2.2%.

GEORGIAN PENSION FUND TAKES IN 563 MILLION GEL IN 2019

563.6 million GEL (\$196.6 million) was accumulated in the pension fund in 2019, the Georgian Pension Agency reported. The pension fund includes close to one million citizens, and includes the participation of more than 61,000 organizations and employing organizations. The pension system is mandatory for legally employed people under the age of 40, while those over the age of 40 have been able to opt out.

GEORGIA BUILDS 800 KM OF ROADS ACROSS COUNTRY IN 2019

Georgia constructed or rebuilt four times as many kilometers of roads in 2019 as it did in 2018, redoing 800 km worth of roads across the country, the country's Road Department reported in early December. 200 projects were completed, including the reconstruction of 52 bridges.

VISA SAYS GEORGIA IS LEADER IN CONTACTLESS PAYMENTS

Visa announced in mid-January that Georgia takes first place globally for the percentage of contactless payments taking place in face-to-face transactions, saying 95% of non-cash payment transactions through are already being made by contactless cards or other devices.

DEAL SIGNED TO RECONSTRUCT FOURTH SECTION OF RIKOTI PASS

An agreement has been reached between the Roads Department of Georgia and Guizhou Highway Engineering Group and China National Technical Import and Export Corporation for the re-

construction of a section of the critically important Rikoti Pass which connects the east and west of Georgia.

The 14.7-kilometer stretch of the Shorapani-Argveta section of the highway will be reconstructed with funding provided by the Asian Development Bank, which has given a loan of 582 million GEL (\$201 million USD) for the project.

The travel time across Georgia from the Red Bridge on the Georgia - Azerbaijan border through to Sarpi in the southwest of the country on the Turkish border will be reduced to 4/4.5 hours instead of the current eight.

REMITTANCES UP 14.2% IN DECEMBER 2019

Transfers from abroad to Georgia in December came out to \$172.3 million – a 14.2% year-on-year increase.

More than one-third of all inbound money transfers came from countries of the European Union, from where remittances were up 37.8% at \$65 million.

Russia accounted for 25% of all remittances (\$43.8 million), while Italy accounted for 13.8%, Greece for 11%, the US for 9.6%, Israel for 8.4% and Turkey for 4.8%.

Money transfers out of Georgia amounted to \$25.5 million, which was

17.7 % more than in December 2018.

NUMBER OF INTERNATIONAL VISITORS TO GEORGIA UP 7.8 PERCENT IN 2019

9.35 million people visited Georgia in 2019, making for a 7.8% increase in comparison to the year before. Georgian National Tourism Administration head Mariam Kvrivishvili noted that despite the Russian flight-ban, Georgia was able to keep its tourism numbers up.

Visits especially increased from countries where the GNTA organized marketing campaigns, such as Germany (38.1%), Poland (32%), France (28%), the UK (27.5%) and the Netherlands (26%).

KUTAISI ELECTRIC CAR FACTORY TO RELEASE FIRST VEHICLES IN AUGUST 2020

Georgia's first electric car factory, located in the western city of Kutaisi, has announced it will release its first vehicles in August 2020.

The vehicles will be sold abroad in addition to being available on the local market.

The exact prices and models of the vehicles will be made public in spring 2020.

The factory will at first produce 5,000

cars annually, hoping to raise capacity to 40,000 over time.

The factory currently employs 300 people.

MUNICIPAL DEVELOPMENT FUND CARRIES OUT 250 PROJECTS IN 2019

The Georgian Municipal Development Fund launched 250 projects in locations across Georgia in 2019 of which 70 have already been completed.

Backed by a budget 30% larger than what it had in 2018 of 367 million GEL (\$125 million), the fund financed projects to improve tourism and water infrastructure, urban transport and to build sports complexes, educational institutions and homes for internally displaced persons.

CAR COMPONENTS FACTORY TO BE BUILT IN COASTAL POTI

Georgia's coastal city of Poti will soon welcome the automobile industry as well, as the construction of a car components factory in the city is planned to be completed as early as September 2020.

The factory is being built by SDT Georgia, which plans to export \$5 million worth of goods in the first year to the EU, China, the US and Mexico, employing 60 people in the first stage and later increasing its capacity to 100 employees.



Georgia's climate change opportunity

GEORGE WELTON, EXECUTIVE
DIRECTOR OF AMCHAM, GEORGIA

Georgia has long aspired to be at the heart of Europe. As the new decade starts, the EU has decided to set ambitious goals on climate change. This gives Georgia a great opportunity to be a leader in the EU and align with Europe's sustainability values.

By pledging to achieve carbon neutrality by 2040, or 10 years ahead of the rest of Europe, Georgia could assume a leadership role, demonstrate the business case for climate-reform, stimulate investment, growth and jobs, increase the country's security and create a rallying-point for national renewal.

As this special environmental issue of *Investor.ge* shows, this would also line-up with a wide range of initiatives that are already happening. In this issue

we highlight changes in the regulations of electricity production (p. 20), new financing for sustainable projects (p. 14), new regulations on recycling and initiatives to support sustainable agriculture (p. 16).

HOW WOULD GEORGIA SET OUT TO ACHIEVE THE GOAL OF CARBON NEUTRALITY?

For a start, the country should aim to produce enough electricity from renewable sources to cover 100% of its own consumption within the next five years. Georgia starts at a huge advantage in achieving this goal. As recently as 2010, the country produced more hydropower than its entire electricity consumption for the year. This has dropped to 75% due to incredibly high demand growth, but still starts in a strong position.

Georgia also consumes far more

electricity than it should.

According to the World Bank, the country consumes about three times the electricity per capita of other countries of a similar income level. This reflects historical inefficiencies and recent growth has also been driven by bitcoin mining, which accounts for at least 10-15% of consumption.

This is an opportunity, because with this level of inefficiency and waste, quick gains could easily be made. While insulation and solar cells are rarely self-financing if done by individuals, the picture is different if it is done at scale, ideally by the state.

Solar City, a company started by Elon Musk, was able to massively expand home solar use in California by offering free solar cell installation, charging for the electricity produced but reducing electricity bills overall. The Georgian

state could do something similar with solar cells and insulation cladding.

Renewable electricity production would also have to go up. Georgia's hydro-production opportunities are well known, but there are also opportunities in solar and wind. These have not developed so far, because of the challenges of grid-management for renewables, and because the Georgian government has been concerned about the cost of providing the support needed to make these projects viable. Both problems would be alleviated by efforts to increase efficiency and to grow household-level electricity production, as they would require the development of smart-grid infrastructure. Also, greater efficiency would mean that electricity prices could actually go up a bit, without overall household costs increasing. This would make renewable production more attractive to investors.

Commitments to green-energy pro-

duction could be a huge stimulus for FDI in other sectors. This will be particularly important for exports oriented to the EU. One of the key components of the EU's new climate change agenda will be a new carbon tax on imports. With 100% renewable Georgian electricity, any investor planning to build a factory would be able to say their energy consumption was carbon neutral just by plugging into a Georgian power supply.

When combined with access to the EU afforded by the Deep and Comprehensive Free Trade Agreement, this could finally stimulate the significant export growth that almost all economists say is essential if Georgia is to develop quickly.

Independence in electricity generation would also be good for security. Georgia is no longer significantly dependent on Russia for gas or electricity, largely shifting to Azerbaijan for gas about a decade ago and for electricity in

the last few years. However, it is probably still not ideal to be quite so energy-dependent on Azerbaijan.

Also, around one-third of Georgia's electricity production comes from the Enguri dam, which is vulnerable as it straddles the boundary of Russian-occupied Abkhazia. Higher production and lower consumption would also make Georgia less vulnerable generally.

Steps towards achieving these goals are already being taken: in the end of 2019, the Georgian parliament passed groundbreaking legislation with the adoption of the Law on Energy and Water Supply and the Law on Renewable Energy Sources – [read more about changes to the Georgian electricity market as it moves towards compliance with EU regulations on p. 20].

The next step in achieving carbon neutrality should be a push to increase the efficiency of transportation with the aim of full electrification. In cars, this is already happening. Tbilisi's dramatic increase in the use of Priuses results from a 2017 change in the customs code that gave hybrid cars a 60% reduction in import taxes. That same year, imports of hybrid cars went from zero to \$84 million, increasing again to \$138 million, or a quarter or all car imports, in 2018 and 2019.

This is great for the Georgian environment, but also shows that in this price sensitive market, price signals work.

If taxes were increased on car imports, Georgia could shift to importing almost entirely hybrid/fully electric cars a decade from now, with the aim at fully electric cars a decade after that. This would, of course, push up electricity consumption and thus the need for more green-energy production, but would reduce carbon output and improve air quality across the country.

The other crucial element of low- ►►



► carbon transport is to get vehicles off the roads by providing better public transportation and a strong push to get freight transport onto trains. This is clearly the future anyway. Georgia will never be a transit route for goods to/from China, if that transit occurs on trucks, since it is too slow and too expensive.

If Georgia could offer a low-carbon tourist experience, it could also stimulate interest from high-end tourists looking for a guilt-free holiday. For the most diligent environmentalist, a voluntary 'green-tax' paid at the point of entry could be used by the government to offset the carbon footprint of the flight by planting trees, or increasing conservation areas.

A sustainability agenda would create multiple paths for job creation and economic growth. Infrastructure improvements, increases in the insulation of houses, installation of solar panels and new equipment would all create direct short-term economic stimulus [a look at efforts to promote green building concepts in the country can be found on p. 28].

Increases in FDI towards export-oriented investment and increases in green tourism would have a more long-term positive impact.

Energy and sustainability would also align with broader environmental goals

that would reinforce one another. Municipal waste management and recycling clearly remain big holes in the Georgian ecosystem, but if sustainability was part of Georgians vision. They could be pushed forward. A visual overview of the recycling sector is on p. 22.

But, perhaps most interestingly, it would put Georgia at the forefront of a range of key new industries.

We could call these industries 'Carbon Neutral – on the Cheap'. Georgia used to be a major import/export country for second-hand cars. These weren't just transit goods, but included considerable value-addition, since Georgians would often import damaged cars, before repairing and exporting them. This took advantage of Georgia's lower labor costs to fix vehicles that would be too maintenance-intensive for the West.

One could imagine similar opportunities in green technology, from renewal of battery systems for electric cars, to insulation, to solar maintenance. If Georgia could become expert in the development, repair and maintenance of second-hand or low-cost renewable and low-carbon technology, that could be a huge niche market.

The costs of this strategy would be considerable, but would mostly take the form of long-term investments and could be financed cheaply from international

sources. The risk-sharing involved in encouraging large-scale electricity production would require subsidies or price-guarantees from the government. This can only be justified if the electricity produced is being used to support local industry that creates jobs in the country. It would also be crucial to make sure that low value-added activity like Bitcoin mining (if allowed at all) should not consume subsidized electricity and pay taxes.

Modifications to the national grid to make it smarter and more capable of dealing with fluctuating renewable supply, incentives to encourage insulation and energy efficiency, government-supported solar and a push to hybrid/electric car use would also have potentially high costs.

However, not only would all of these costs generate economic benefit, they should be easy to cheaply finance. The International Financial Institutions (IFIs) are all keen to be heavily involved in renewable energy investment. The European Investment Bank has recently announced a new climate strategy and Energy Lending Policy which plans to 'unlock EUR 1 trillion of climate action and sustainable investment in the decade to 2030'. The EBRD, similarly, plans to have 40% of its portfolio in green investments, recently introducing its

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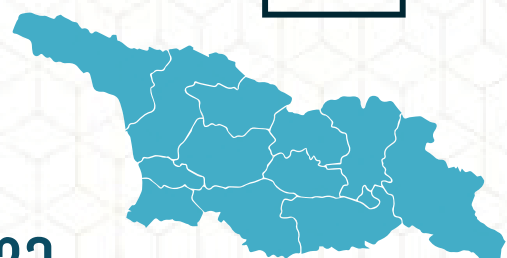
COMING SOON

Map of Investment projects in GEORGIA

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\$54 million Green Economy Financing Facility in Georgia, of which Investor.ge has written an overview on p. 14.

The World Bank and Asian Development Bank both have large green funds.

Provided through the government on a sovereign guarantee, funds for supporting climate change adaptation could be secured at very low interest rates with very long repayment periods. This would allow the government to experiment with different incentive schemes to encourage increasingly sustainable behavior, in large and small-scale energy production, in transport, in insulation and much more.

Georgian leadership in this area could also be important because while developed countries are often the focus of climate change discussion, developing countries are key to resolving the climate change emergency in the long-term. Around 5 billion people, or 70% of the world's population live in middle-income countries, compared to only 16% in high-income countries. It is therefore critically important that middle-income countries develop strategies to cut emissions in ways that benefit their populations. By taking a leadership role and showing how positive these changes can be for economic development, Georgia could

have a disproportionate global impact.

Perhaps most importantly, this would be a project around which Georgia could regain its exceptionalism and pride as a global leader. Georgia's self-perception is not just as a place for hospitality and wine, but for unspoiled nature, natural produce and pristine water.

Building on this image to clean-up the country and to cement it in the international consciousness as a center for green rejuvenation would have a whole host of positive knock-on effects. It would create jobs and make people richer. But perhaps best of all, it would also make Georgia a nicer place to live.



EBRD green financing pushing climate change mitigation, energy efficiency in Georgia

THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)'S GREEN ECONOMY FINANCING FACILITY WILL COMMIT \$54 MILLION TO HELPING FIGHT CLIMATE CHANGE BY ENCOURAGING BUSINESSES AND INDIVIDUALS TO TRANSITION TO ENVIRONMENTALLY FRIENDLY TECHNOLOGIES IN GEORGIA.

The European Bank for Reconstruction and Development's new Green Economy Financing Facility (GEFF) seeks to develop the green economy in Georgia by expanding green financing in accordance with the EBRD's Green Economy Transition approach.

In addition to direct financing, the

program also provides free consultation from Green Climate Fund experts.

So far, the Green Climate Fund has already supported six EBRD programs, investing \$830 million and mobilizing a total of \$3.6 billion across the globe.

The total budget of the GEFF program in Georgia is \$54 million.

Through this program, companies

will gain access to environmentally friendly technologies available in Georgia. Investments will be directed towards projects that aim to improve energy efficiency, mitigate the effects of climate change, and help small and mid-sized businesses, as well as the corporate and housing sectors, adapt to changes by providing them loans through local partner banks.

These funds can be spent on energy-efficient building materials, double-glazed windows, thermal insulation, lighting, construction, agricultural equipment and machinery, photovoltaic solar panels, geothermal heat pumps and water-saving irrigation systems.

WHAT GREEN FINANCING HAS DONE FOR GEORGIA ALREADY

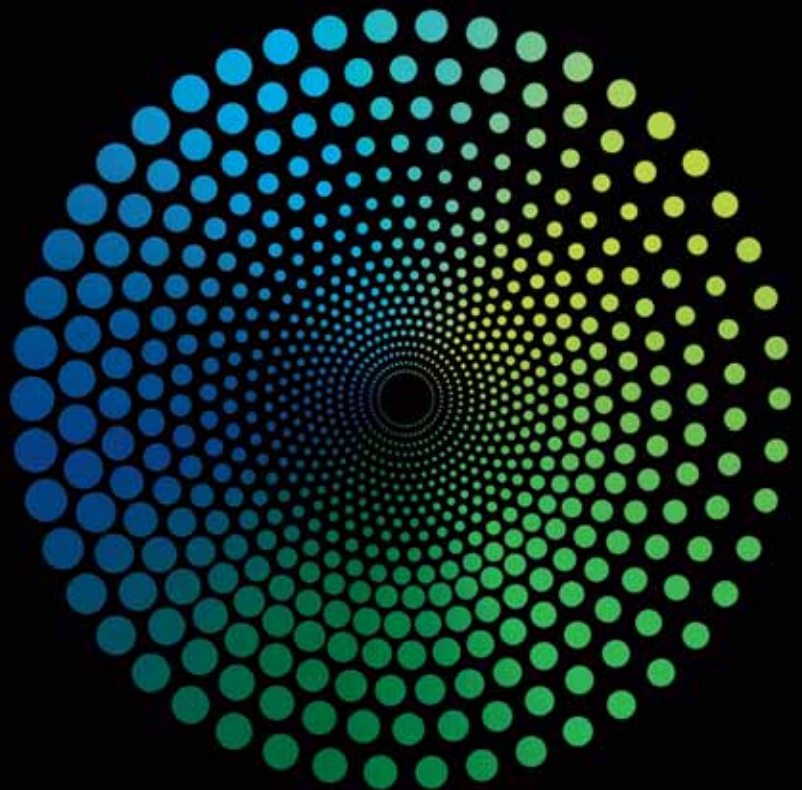
The GEFF follows on the heels of the EBRD's Energocredit project, which was

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funded by the European Union (EU) and the Austrian Federal Ministry of Finance.

Energocredit was carried out as part of the Caucasus Energy Efficiency Program, which included the three countries of the South Caucasus: Georgia, Azerbaijan and Armenia.

In Georgia, this project was launched in 2012 and lasted until 2018. The country was given a \$45 million credit line to launch several green initiatives. Thanks to the project, 31 companies and more than 29,000 households received over 42 million euros to fund energy-efficient projects from six local banks – TBC Bank, Bank of Georgia, Respublika (now TVS Bank), Basisbank, VTB-Georgia and Credo.

Recently summing up the results of the Energocredit project, the EBRD recognized six of the best projects in the field of energy efficiency and renewable energy for their contribution in promoting the tenets of green economy in Georgia. Energocredit partner banks were also commended for their continued support of green energy projects.

The prize winners were Liderfood, Museum Hotel, Georgian Building Group, Archi Tower, Shilda hydropower plant and Innovo Medical Center.

Each of these companies has a long and fruitful history in the field of energy efficiency.

The Museum Hotel is located in a historical building in the center of Tbilisi. During its reconstruction, the hotel administration used an EBRD credit line to introduce energy-efficient technologies.

The GCF consulting team conducted a detailed analysis of the project, studied potential energy savings, determined the financial and technical parameters, and made recommendations. The investment amounted to \$237,000 USD and the hotel was able to decrease its energy consumption by almost 90%, as the new

energy-efficient technologies allow them to save 242,975 MWh of natural gas, and 4,206 MWh of electricity per year.

Another example of just how big a difference implementing greener technologies can make comes from one of the leading cement plants in Georgia, the Georgian Building Group. Their equipment was rather outdated, and most of their production costs came from electricity.

To strengthen its position on the market, the company decided to modernize the production process and replace obsolete equipment.

With the help of an Energocredit line, the company not only received a \$1.5 million loan, but also recommendations from a group of design engineers on how to best equip the enterprise, reducing energy costs by 40%. The company's CO₂ emissions have also been greatly reduced.

HOW THE GREEN ECONOMY FINANCING FACILITY DIFFERS FROM ENERGOCREDIT

The Green Economy Development Program was launched on December 10, 2019 in Georgia, building off of the old Energocredit structure, undergoing a rebranding process and adding new selection criteria.

While Energocredit aimed to improve energy efficiency, the focus of the GEFF will be the efficient use of resources, whether in transport, agriculture, hospitality or other sectors.

The credit line must be utilized within two years.

Many banks will join this project, the first of which is ProCredit Bank, which has signed an agreement with the European Bank for Reconstruction and Development to receive 25 million euros.

This amount will be divided into two tranches. The first will amount to

15 million euros, and is intended for entrepreneurs and individuals who seek to invest in modern technologies designed to reduce costs, improve quality of life and protect the environment.

Next in line are the Georgian Leasing Company and Basis Bank; TBC Bank and Bank of Georgia will join later in 2020.

A credit line is available to all interested financial institutions.

LEGISLATION REMAINS A KEY ELEMENT OF SUCCESS

But these projects alone are not enough: legislation must also be changed to reflect innovations in the field of green technologies, says Director of the Georgia Energy Efficiency Center Giorgi Abulashvili:

“The legislative framework in the field of energy efficiency in Georgia is only now being formed, working off the association agreement with the EU, as well as four European directives. Accordingly, four laws should be adopted on which the development of energy efficiency will be based.”

The first in a set of new green bills establishes requirements for the energy-efficiency of buildings. The second relates to energy efficiency across all sectors, including energy-efficient construction and building requirements. The third is a bill introducing energy efficiency labeling, and a directive on environmentally friendly design will also be introduced.

These three bills and the directive have already been introduced in parliament.

“But adopting new laws is only the beginning. In addition, a number of by-laws should also be drafted, according to which incentives will be created, state programs prepared, and standards determined”, Abulashvili says.

GeoGAP

– moving towards
traceable, safer,
sustainable
produce in Georgia



GEOGAP AGRICULTURAL STANDARDS AIM TO BRING QUALITY, TRACEABILITY AND SUSTAINABLE AGRICULTURE PRACTICES TO FARMS ACROSS THE COUNTRY. A STEPPING STONE TOWARDS THE EU'S GLOBALGAP STANDARD, GEOGAP WILL HELP PREPARE FARMERS MAKE THEIR WAY TOWARDS MARKETS ABROAD.

JOSEF GASSMANN

Georgian Farmers' Association certification specialist Ilia Kunchulia says you shouldn't always listen to your Georgian grandmother when it comes to produce and grocery shopping.

Despite what she says, organic foods aren't widely available in Georgia yet, nor is it easy to find out the origin of the produce you buy, and whether basic agricultural safety and sustainability practices were employed in its production - but all that will soon begin to change, Kunchulia says.

Under a project implemented by Chemonics International, in 2019 the Georgian Farmers' Association launched what it hopes will change the way farmers farm, shoppers shop and supermarkets sell, with the implementation of GeoGAP: an agricultural produce certification scheme that will ensure the quality, safety and origin of produce that makes its way into stores, with an eye towards eventually helping farmers make their way onto the EU market.

WHAT CAN GEOGAP OFFER GEORGIA?

GeoGAP stands for Georgian Good Agricultural Practices and is based off Global G.A.P. – an internationally recognized, EU retail sector-backed set of farming and agricultural standards, the main aim of which is to ensure safety and quality of agricultural produce and to promote sustainable practices among farmers and retailers.

GeoGAP first serves to prepare and accustom farmers and producers to the idea and importance of certification and the practices this entails.

“Maintaining good agricultural practices is a must if you want to make it onto the European market, though for now that aim is ambitious for Georgian farmers, given the quantities in which

we currently produce. But we have other things to focus on: we first have to implement a system that will allow us to control quality, traceability and sustainability.”

GeoGAP, Kunchulia points out, is a stepping stone, an interim standards certification program that offers a version of Global G.A.P. tailored to the Georgian reality.

WHAT ISSUE DOES GEOGAP AIM TO SOLVE?

Head of Star Consulting and food safety expert Ekaterine Burkadze says implementing agricultural standards is of crucial importance given that Georgia is still working to address the heritage of ‘quantity over quality’, left to it by the Soviet Union, and to emerge from the period of de-regulation she says the agriculture sector underwent during the United National Movement government.

“This changed with the signing of the Deep and Comprehensive Free Trade Agreement (DCFTA), which jumpstarted the process of implanting EU legislation, and the National Food Agency was created”, Burkadze says, but points out that though the first few years of this transition period brought about some positive changes, legislation concerning food safety and standards remains lax and unenforced.

Burkadze lists a number of reasons behind this problem:

“For one, the process has slowed down since the initial influx of support from the EU and donor organizations. Now, adopting EU legislation remains an issue of ticking boxes, not implementation.

“Moreover, quality control and monitoring mechanisms in the country are more often used as tool of punishment, not support or promotion. State bodies often work in a reactive way, engaging

more often in crisis management activities than in working proactively to address issues. Another issue: there is a lack of laboratories that can properly test for a wide array of pesticides, and farmers looking to get international certification have to send their samples abroad. Moreover, there is no demand from producers for farmers to engage in proper lab testing. The ‘farm to fork’ control system of the EU remains unconsidered and unimplemented”, Burkadze says.

Another issue when it comes to mea-

there are many certification bodies and the competition brings down the price”, Kunchulia says.

Further taking into account that certification has to take place once a year, Global G.A.P. is prohibitively expensive for Georgian farmers.

The lack of certification specialists and bodies is the primary reason that costs are so high, Burkadze says, and notes that this will change over time, as she and other specialists become certified to become authorized auditors.

country, farmers will gain much, Kunchulia says.

One thing GeoGAP certification can offer farmers is a proactive, organized and disciplined approach to farming.

“Such certifications require farmers to keep documentation, to update it, to interact with their records. Without documents, you can’t grow as a farmer – you can’t know for sure what’s working, what’s not. Without documents, you remain poor, as do your children. Documentation makes you pay attention to the critical aspects of your business and helps you grow”, Kunchulia notes.

But there are financial benefits in it as well.

The Georgian Farmers’ Association says there is growing demand from consumers for more stringent food safety standards to be established.

Currently, the biggest driver on the market pushing for such changes is the HORECA sector (hotels, restaurant and cafes), or the catering and hospitality industry.

“Hotels want to be able to supply local food stuffs – not Turkish tomatoes, but Georgian ones – to their guests who are eager to sample local produce and cuisine, but they also want to ensure the quality of what they put on the plate. That’s why for them such certifications are important, and can be leveraged to drive change”, Kunchulia notes.

To ensure safety and quality, hotels and certain emerging consumer segments are willing to pay a premium for safe and certified food products. This premium in turn can be given to farmers whose produce fits the bill.

This is because when relying on the traditional value chain, farmers lose much of the value of their product to numerous intermediaries between themselves and the consumer, but with the help of the Georgian Farmers Dis- ►►

“The USAID Zrda Activity in Georgia partnered with the Georgian Farmers’ Association to develop GeoGAP. We see the certification system as an important step forward for Georgian farmers to improve the quality of their products and reach more lucrative markets, both in Georgia and abroad. This will move the frontier forward in Georgian agriculture and help the country advance toward self-reliance.” – Marika Olson, Economic Growth Office Director, USAID/Georgia

suring and assessing the implementation of agricultural standards in the country is that certification for Global G.A.P. is prohibitively expensive for local farmers, Kunchulia says.

Consulting services to help a farmer get ready to be certified against GlobalGAP, in addition to the implementation costs, can run as high as \$5,000 – \$10,000. Then add in the certification itself: farmers are responsible for bringing in certification specialists on their own dime, which when you factor in tickets, hotels, transport and food can easily come to \$5,000.

“This is far too much for a Georgian farmer. In Europe, a farmer can get certified in just three to four hours. Dutch farmers, for example, can get certified for as little as 600 euros on average because

Just how difficult it is for Georgian farmers to get certified against Global G.A.P. can be gleaned from a look at the numbers, Kunchulia points out.

“The Georgian government says there are 700,000 farmers in the country – and this number is high, given most of them are subsistence farmers or similar – but as of today there are only five or six certified Global G.A.P. agricultural companies in the country.”

However, GeoGAP offers a cost friendly alternative, running farmers just 300–1000 GEL for both consulting and certification services.

WHAT DO FARMERS STAND TO GAIN FROM GEOGAP?

Should GeoGAP become entrenched as an in-demand certification in the



► tribution Company (GFDC) – currently the largest buyer of GeoGAP certified goods, and which delivers straight to the kitchens of the HORECA sector – farmers can cut out the middleman and receive a premium for their GeoGAP certified produce.

Because there's an app for that.

“Our application *Agronavti* allows farmers to upload information about their produce, and it immediately makes its way into our system where we can act on it.

“Cooperating with us, farmers gain access to a stable market that is growing on a monthly basis. Moreover, we pay for their produce via financial institutions, and not by cash.

“This in turn means they create a paper trail, and thus open up the possibility of receiving low-interest loans to further their business”, GFDC Deputy Director Shako Japaridze told *Investor.ge*.

The GFDC supplies 20 high-end hotels and restaurants with produce and plans to expand in both Tbilisi and other regions, in addition to cooperating with

the online platform *soplidan.ge*, which offers front door delivery service of agricultural produce.

GETTING GEORGIAN FARMERS ON BOARD

Uptake of GeoGAP standards has been slow, but the Georgian Farmers' Association has identified some of the main issues, and says that with time it hopes the importance of such certifications will make an impression upon farmers.

One issue GeoGAP faces is that the premium farmers receive for certification is still not quite high enough to perk up ears:

“This is partially because despite a GeoGAP certified farmer's extra work, their competitors can drastically undercut them as they face no problem in selling their produce because of lax regulatory enforcement.

“Meanwhile, GeoGAP certified farmers, for the time being, can only find an outlet with the GFDC, with a few exceptions”, GFA certification specialist Kunchulia says.

Kunchulia says that one solution to this issue could consist of agreements with larger retail supermarket chains to start highlighting the goods of GeoGAP farmers and start offering them to their customers, and in doing so advertise the availability of such products and thus stimulate demand for such goods.

A quick look at the Georgian herb and salad market does indeed reveal that there is demand for higher quality products – the largest and arguably the most popular brand in the field, Herbia, is both Global G.A.P. and GeoGAP certified, despite the fact that the company is largely focussed on the domestic market.

“The demand for high-quality products is there, but there aren't many other companies able to meet the need. There are smaller companies that have started to follow in our footsteps, and we hope these companies will continue to grow. We welcome healthy competition: it's necessary for the growth of the industry”, Herbia Manager Davit Janelidze says.

The gradual rise in demand for such products, Kunchulia says, will hopefully spread to other agricultural products with time.

The GFDC's Japaridze agrees: “Demand for quality products has been rising steadily over the past few years – likely due to both increased consumer awareness and increased tourism and thus higher demands on quality.”

However, this matter is one that goes beyond demand – it's a matter of corporate responsibility as well:

“In the EU, Global G.A.P. standards came about when supermarkets banded together demanding higher quality produce from their farmers across the board, as they agreed not to compete on certain baseline safety and quality requirements. The same has to happen in Georgia before we start seeing results”, Kunchulia notes.

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Georgian electricity market surges toward green energy, EU compliance

A RECENT PACKAGE OF LAWS PASSED BY THE GEORGIAN PARLIAMENT WILL SEE THE ESTABLISHMENT OF AN ENERGY EXCHANGE AND SERIOUS COMMITMENTS TO GREEN ENERGY PRODUCTION.

SALLY WHITE

Cheaper electricity, greener energy, cuts to pollution, incentives for investors, boosts for exports and last but by no means least serious points in the eyes of the European Union – all this comes with the government's new electricity market program, much of which seeks to fulfill requirements for European Union accession.

Key to Georgia's move to green energy, as 2020 begins the Ministry of the Economy and Sustainable Development has announced a new energy exchange, a new energy head, new players and new regulations.

In a December 2019 report headlined "Georgia leapfrogs from outdated energy market framework to Third Energy Package", the EU Energy Community applauded the Georgian Parliament's adoption of the Law on Energy and Water Supply and the Law on Renewable Energy Sources.

The first law will launch the devel-

opment of an independent, competitive and liquid energy market, and the second sets the national target for renewable energy at 35 percent of total final consumption by 2030, which will largely address Georgia's reliance on natural gas to provide for its heating needs, given the country is mostly self-sufficient when it comes to electricity generation thanks to its hydro-power plants.

The aim of the Third Energy Package is to "open gas and electricity markets in the EU". These are to be followed by laws setting energy efficiency targets, encouraging energy savings, tightening regulations on energy efficient buildings and mandating energy consumption labelling on consumer electronics.

TOWARDS COMPLIANCE WITH EU ENERGY LEGISLATION

These laws should help Georgia move towards fulfilling its obligations before the EU as taken on in signing the Deep and Comprehensive Free Trade Agreement.

As far as EU membership is concerned, the position was set out very clearly by the Georgian president of the EU's Energy Community Regulatory Board (ECRB) Giorgi Pangani, who emphasized at a recent press conference, "There is no chance of becoming an EU member until you have fulfilled all the criteria of the Energy Community; this is something that cannot be avoided."

He added: "Believe me that no European investor will look at the

country if the legislation is not harmonized with the EU's."

Georgia specifically wants to attract investors from the EU because of "their experience and knowledge of very high-level development technologies." However, direct investment, as opposed to international agency money, from Europe has been "lower than investment from other countries, for example China."

He also raised the electricity transit opportunities Georgia may see arise, through Turkey to Eastern and Western Europe if Georgia meets EU criteria. Georgia already serves as a transit country for electricity flowing between Azerbaijan, Russia and Armenia, but here green energy compliance is not demanded.

While progress has been far from easy, Georgia has been on a "on a firm path towards closer ties with the EU international energy market" for some years now, Janez Kopac, director of the EU's Energy Community Secretariat acknowledged back in 2018.

That was just a few months after Georgia's parliament ratified the accession agreement to the Energy Community and its laws – the so-called "acquis communautaire". This is a legally binding agreement to adopt core EU energy legislation and was seen by Kopac to "clearly show the country's pro-European orientation".

BOLSTERING MARKET RESILIENCE

Georgia's electricity generation is dependent on hydroelectricity.

Statistics that show the importance of securing investment and donor backing to expand electricity generation come from the OECD's International Energy Agency: up to 70-90 percent of Georgia's electricity generation comes from hydroelectric power which is dependent on rain and snow.

However, Georgia is reliant on imported gas from its neighbors and occasionally needs to import electricity, which in turn creates an energy security risk.

Geostat figures show that in the first 11 months of last year, because of lower rainfall, hydroelectric plants generated 9.2 percent less energy than in 2018, bringing an 11 percent rise in imports. Notably, for the first-time ever, electricity was imported in July and August, months when Georgia generally exports it and the 2019 deficit in total is expected to reach a record.

To fill that domestic generation gap, according to research by brokers Galt & Taggart, Georgia's thermal power plants generated 29 percent more electricity last year. This factor, plus imports – both of which are more expensive than the tariff for existing hydropower plants – meant that the country consumed more, higher-priced electricity.

The consumer suffers, George Ramishvili, founder of Silk Road Group and investor in Guria's Bakhvi hydroelectric plant, told journalists last summer. A disadvantage of being a net energy importer, he says, is that "for the average Georgian citizen, domestic energy is relatively expensive for the region."

He added that with its "legacy hydroelectric plants producing only intermittently", Georgia needs more investment. Money was not going to pour into green energy without policy and regulatory support. However, he thought the transition being made in Georgian energy was not only in line with EU policies (which is why Silk Road has invested in hydro since 2011) but added up "to a package that inspires business confidence".

Consumer demand for electricity is rising as householders increase their use of electronic appliances though consumption is weather-driven.

Last year it rose by less than expected and at a lower rate than in previous years, Energo-Georgia and Telasi showing a combined rise of 1.6 percent in the first 11 months. Galt & Taggart said that demand from crypto-miners fluctuates, and while Georgian industry has become more energy efficient, it is growing with tourist numbers soaring and overall demand is expected to continue to rise, at around five percent a year according to the Ministry of the Economy, while the Georgian regulator says electricity generation growth is an annual 3.9 percent.

To manage the electricity industry

The US government's export promotion wing has spotted other "green energy" business opportunities in Georgia for international companies and investors. Its website states: "Georgia does not currently produce power generation and transmission equipment...Most equipment was produced in the Soviet era, primarily in modern-day Russia. The current efforts of the Georgian government...should create demand for equipment and opportunities...for exporters."

more efficiently, work on the new Georgian Energy Exchange has started, and its head announced as Irina Milorava, formerly chairman of the energy and water regulator.

The wave of reforms has encouraged 15 major users of electricity to buy directly from the wholesale market, "which means they need to find an adequate trading platform to trade electricity very quickly and correctly," she says.

There are already 10 companies registered as power traders (although only three are active in the wholesale market, according to Galt & Taggart). When the exchange starts trading

next year, "they will be able to see all the proposals for electricity trading," she added.

Once electricity transmission and distribution activities are separated and carried out in a freer market by independent companies and not banded together as now, she expects more providers to appear and momentum will pick. The consumer would then be able to benefit from increased competition among providers, she said. A decision had to be taken, however, "to move to a competitive market at once, or step-by-step."

SURGING FORWARD

More electricity supply is on the way, with 150 power plant projects at various stages of development (though not all will be finished, says Galt & Taggart). Georgia's 10-year Development Plan of the Transmission Network for 2020-30 aims to make the most of its transit and export opportunities and lists 21 hydropower plants due to be connected to the grid.

Even some of this, says Galt & Taggart, would enable Georgia to become a net exporter. The international institutions continue to explore the building of more hydroelectric plants, and the European Bank for Reconstruction and Development has just launched its \$54 million Green Economy Financing Facility.

The increase in transparency in Georgia's electricity market resulting from the move to open energy trading on the exchange and EU compliances will, it is hoped by the Ministry of the Economy and Sustainable Development, attract a rise in foreign investment hydro, wind and solar power generation.

It has organized a major international Green Energy week-long investment conference in Tbilisi for Jan 2020, with just about all the main players in Georgia's private, public and donor sectors working on electricity on tap to discuss the future of hydropower growth in Georgia and government incentives.

What's in your bin?

a profile of the Georgian recycling sector



The American Chamber of Commerce in Georgia and the Georgian Waste Management Association, with the support of USAID's Waste Management Technology in the Regions Program implemented by CENN, have recently teamed up to stimulate a wider conversation about recycling and other pressing environmental issues in Georgia. Below, *Investor.ge* presents a profile of some of the main players on the Georgian recycling market and the issues they come up against in their work.

Kriala
Founded: 2013
Employs: 130
Field: Paper recycling
Produces: 300 tons of toilet paper per month



One of the main issues Kriala runs up against in its work is that of sourcing waste.

Kriala says this is attributable to the fact that paper waste collection in the country is largely oriented towards exporting the product rather than dealing with it domestically. Given that the export of paper waste is not taxed, Kriala says the price of the waste at home goes up.

"Instead, we have to buy wastepaper to cover our shortage of materials from both private companies and government agencies, printing companies and so on. We also lend our services to organizations that need to dispose of confidential or sensitive information recorded on paper."



Clean World | Founded: 2017 | Employs: 5
Field: Sorted waste collector and supplier

Clean World says one of the biggest problems it faces is that companies and organizations pay cleaning fees only based on the square footage of their premises. When it comes to throwing out waste, organisations thus have no incentive to pay attention to what they throw out, or even to consider recycling, since their waste is covered by their monthly cleaning fee.

One way to incentivize proper waste management on the organizational level, Clean World points out, would be to implement a system by which companies pay by weight, in which case:

"Companies would start counting money. They would look at how much they're throwing out, and figure out ways to reduce costs. This would have a positive effect on the entire value chain, and decrease the amount of waste that ends up at the garbage dump. This would have a positive effect on government expenses as well, reducing government spending on waste management by at least 15% on land fills."



Kere | Founded: 2018 | Employs: 35 | Field: Glass recycling
Capacity: 2,000 tons of glass per month | Produces: Multipurpose glass

Kere says that in addition to a lack of experience in the separation process, the Georgian recycling sector is lagging behind technologically.

"For example, we need a more powerful shredder, an investment that needs about 250,000 EUR, which would dramatically strengthen the capacity of the enterprise by about 35-40%. But we need funding and state support to acquire such machinery."

Kere also says that increased public awareness of the importance of segregated waste collection, and the introduction of certain tax exemptions for recycling companies, would help push the sector forward.

Zugo | Founded: 2010 | Employs: 50 | Recycles: 10 tons of polyethylene waste per month | Produces: Biodegradable and compostable bags

Amongst the challenges Zugo faces is the issue of competition in waste collection from the black market.

"This problem is likely caused by a lack of proper regulations, and it may be that agencies responsible for regulating such issues are not properly carrying out monitoring activities", Zugo says.

Zugo is currently the only producer of biodegradable and compostable bags in the South Caucasus.



TRC | Founded: 2017 | Employs: 10 | Field: Tire recycling | Recycles: 60 tonnes of tires per month | Produces: 30 tons of rubber granules used in construction of sports infrastructure

TRC says the private sector in Georgia has yet to cultivate importance of investing in the circular economy.

"There are a number of reasons for this. There is a lack of proper implementation of the legislation, and the legislation is itself faulty at times. For example, when the Waste Management Code went into force and tire dumping and burial and burning were banned, there was still no tire processing plant in the country. The ministry knew about this, and yet it could not fine violators, because there was no proper approach. This in turn had a negative effect on the sector, increasing an indifferent attitude towards these issues, and increased the skepticism of society towards the importance of recycling in general."



EcoGetPet | Founded: 2015 | Employs: 5 | Recycles: 20-25 tons of PET plastic bottles per month | Capacity: 350 tons per month

EcoGeoPet began as a collection company that exported raw plastic waste, and only later moved into the processing sector, and will soon begin producing wrapping tape from its recycled materials.

The company says there is currently an issue with a lack of public waste and separation bins which are not available in the streets, which means that most plastic bottle waste ends up in landfills. Another issue it faces is the public's over-reliance on state waste management services to take care of and separate waste.

"Each of us needs to learn that if we are to live in a healthy environment, to work in a team spirit that requires the active involvement of each of us. We hope people's attitude towards waste will change. With our business, we try to show that a used bottle is not waste, it is a resource for future use."

Sanitary | Founded: 1999 | Employs: 131 | Field: Toxic and hazardous waste management, soil remediation, other | Recycles: 110 tons of waste per month



Sanitary Executive Director Levan Kvirkvelia says one of the biggest issues for the company is that supervisory and monitoring activity in the field of hazardous waste is not systematic and strong enough to properly ensure that companies abide by their responsibilities when it comes to disposing of waste.

"When a blind eye is turned to this matter, it creates problems for the sector as it limits the flow of waste material. The state should pay closer attention to monitoring the issue. However, when it comes to the private sector itself, we are seeing that businesses are slowly waking up and realizing that not only is it a matter of the law, but it is also their responsibility to deal properly with their waste. In the past few years we have more and more companies signing contracts with us. That's a sign that there is some momentum in the country."

**GeoMulch
Founded: 2014
Employs: 20
Field: Recycling wood and forest waste
Recycles: 900 m3 of wood waste per month
Produces: 300-400 m3 of organic mulch**



GeoMulch PR Manager Ana Tskhadadze says sourcing waste is a problem for the company. Sometimes the company collects wood waste on its own, but this is an expensive process. Meanwhile, the majority of wood waste simply ends up in landfills, which can then not be accessed because it is government property.

"We lose this wood entirely, it's just sitting there, of no use to anybody. We're in the process of making agreements with Tbilisi City Hall and several other municipalities to acquire this wood before it ends up at the landfill, but this needs time."

Another issue the company faces is a lack of awareness about mulch as a product, Tskhadadze says, noting many are dismissive of mulch's beneficial effects on the environment and the beautifying effect it can have on a landscape.

"Mulch is about much more than just appearances – it can help combat air pollution and global warming. It reduces dust pollution, and mulching green areas improves the sustainability and health of plants, which helps them deal with carbon dioxide."

Green Gift | Founded: 2017 | Employs: 8 | Field: Paper waste collection | Recycles: 4-5 tons of paper waste per month
Produces: Stationary gifts

Green Gift is a one of its kind social enterprise in Georgia, the main mission of which is to raise awareness about environmental issues, which it does by gathering paper waste and transforming it into stationary. The organization gathers waste with the help of boxes placed on the premises of companies and organizations who dispose of their paper waste there. Green Gift works with some 120 organizations, from small enterprises to large international organizations.

Green Gift hopes to increase its collection capacity, as "waste management will continue to become a more important part of our daily lives, and public awareness of the matter will increase. We are thus sure that products made from recycled paper will also become increasingly popular."



Enviroserve | Founded: 2017 | Employs: 7
Field: Exporting electronic waste
Collects: 6-7 tons

Enviroserve runs into barriers at the stage of obtaining electronic waste, much of which in Georgia is sold at auction, where it often happens that both damaged and second hand equipment are sold in the same lot, which to the company is unacceptable because: "companies or individuals will buy up the lot, take what they want and then dump what they don't. This means that just a small amount of waste gets taken out of the cycle, and the rest of it ends up in the landfill. A clearer distinction must be made in auction lots to prevent this from happening."

Moreover, Enviroserve says this is a bad practice because in many cases, electronic equipment can contain hazardous waste, and it should only be handled by companies that have permits to deal with such waste.

Ministry of Environmental Protection and Agriculture of Georgia

Investor.ge asked Minister of Environmental Protection and Agriculture Levan Davitashvili to comment on upcoming plans for Georgia's recycling sector and some of the above-mentioned issues encountered by recycling companies in the country:

Regulation must first and foremost be a systematic process, Minister Davitashvili says, noting that in 2019, it carefully monitored the production and use of plastic bags in the country. Back in October 2018, single-use bags below 15 microns (0.015 millimeters) in thickness were banned, which at the time made for about 40 percent of the market in the country, while the import and production of non-biodegradable plastic bags was banned starting April 1, 2019.

"At the end of 2019, the Department of Environmental Supervision carried out an inspection of all plastic bag producing companies and identified violations. Samples were taken from all manufactures of plastic bags and were examined for verification of compliance with technical regulations. Letters were also sent from the Ministry to all municipalities requesting compliance with the regulations. Moreover, the Ministry is working closely with the Customs Department of the Ministry of Finance to ensure effective control of the import of plastic bags."

More effective regulation will be carried out thanks to the Extended Producer Responsibility package it has prepared, Minister Davitashvili says, which will introduce further regulations on the management of packaging waste, electric and electronic equipment, end-life-vehicles, batteries and accumulators, waste tires and waste oils, noting the bylaws will oblige manufacturers to collect separated waste generated as a by-product of their operations or production, and to achieve recycling rates as defined in the technical regulations. This, Davitashvili says, should in turn boost the potential and capacity of waste recycling in the country and raise waste management standards.

Better monitoring and supervisory activity will be implemented through the use of a digital register, which will record specific waste streams and will allow manufacturers to keep up-to-date information about waste production and recycling rates and targets.



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Innovative housing projects, green loans promoting consumer-driven demand for green building

LIKA JORJOLIANI

Georgia is gradually moving towards the introduction of green standards in the country's construction and residential building development industry as consumer demand for eco-friendly living spaces rise and the country strives to meet EU energy efficiency obligations.

To support this move, both domestic and international financial institutions are increasingly making green loans and green financing a part of their offerings.

While environmentally-friendly construction practices are only just beginning to catch on, the country already has several examples of large-scale, successful developments that abide by green building principles, such as Lisi Development's iconic Lisi Green Town in Tbilisi.

To encourage the consideration and value placed on energy efficiency in residential buildings, the Georgian parliament is currently examining a bill which will oblige apartment sellers and renters to conduct an energy efficiency audit and receive a certificate which will have to be provided to buyers or lessees. This obligation will likely be introduced at the end of 2022, but will only affect buildings constructed after the bill comes into force.

The European Union is supporting a number of green building initiatives and projects in the country as well.

With the help of newly secured Horizon 2020 EU funding, the SMARTER Finance for Families program is now expanding to Georgia, the prime objective of which is to introduce 'innovative financing for energy efficiency investments', and to create citizen-driven demand for green finance.

"[The program will] demonstrate the benefits of shifting spending attitudes towards a 'total cost of monthly-ownership' view of the cost of [a] home purchase or new construction or renovation project... while citizen-driven demand will help convince residential investors and developers

to build to a high EE/Green standard, who will in turn be rewarded with positive market differentiation", a description of the project on buildup.eu reads.

The project will be carried out by the Georgian Energy Efficiency Centre, and will address what has been a historic pattern for homebuilders and buyers in the country not to invest enough in the design, construction or selection process,

Green building is the practice of constructing and operating buildings according to standards that decrease the level of non-renewable energy consumption and carbon output, in addition to using environmentally responsible and resource-efficient processes throughout the structure's lifecycle.

instead choosing to avoid taking out larger bank loans and save on initial costs, which later costs consumers more due to higher utilities bills.

Lending institutions have reason to get on board as well: studies show that the risk of default on mortgages on 'green homes' is up to 30% lower, as annual energy savings can be equal to one or two annual mortgage payments. Energy efficiency expert at ProCredit Bank Levan Khmardashvili says green loans should become a priority banking product.

"Eco-loans that help protect the environment also affect our image. We position ourselves as a green bank. Even the building of our head office was built in accordance with green building principles."

The bank's loan portfolio is 339 million

euros, 16.1% of which (54 million euros) consists of green loans – 84% of the bank's green portfolio is in energy efficiency loans, however the bank is working to diversify its green portfolio and include renewable energy technologies and other environmental investments. The bank plans to have 20% of its portfolio consist of green loans in the coming years.

In particular, the bank plans to finance solar micro-power plants: cooperating with importers of solar panels, the bank has already developed several options for small and medium-sized businesses and individual customers, most of which can be paid off within six-seven years.

To set an example, in March 2020 the bank plans to launch a solar power station on the roof of its head office.

LISI GREEN TOWN

One of the first examples of green building to appear in Georgia was Lisi Green Town, a residential complex by Lisi Development, which is sprawled out over 355 hectares around Lisi Lake in Tbilisi. The project began back in 2011 and introduced an innovative principle to green building in Georgia, using only 20 percent of the territory for residential areas, and the remaining 80 percent for recreational zones and other infrastructure.

"Using green building concepts, we constructed low buildings, despite the fact that they cost more than standard buildings or than building a simple complex in the city center. However, we have chosen this approach, and today this is what sets us apart. A clean and green-friendly green environment is the lifestyle that we want to promote in Georgia," says Nodar Adeishvili, Director General of Lisi Development.

At the moment, more than 100,000 square meters of housing and infrastructure have already been built; energy-efficient materials were used during construction which will allow home owners to save up to 30% on energy costs. The company employed modern construction technology, as well as the recommendations of foreign experts. Rain collectors installed in the town allow for the collection of rain water for irrigation purposes.

Electric car charging stations are installed on the territory of the complex to motivate residents to purchase electric vehicles. In addition, several residential units have already been equipped with solar panels.

LISI GREEN TOWN





From Thailand to Tbilisi: digital nomads come to Georgia

ANDREW WESTON BRAUN

Let's face it – Georgia isn't the easiest country in the world to find on a map.

But a growing number of digital nomads can surprisingly point it out, and that's not just because they're good at geography: Georgia and Tbilisi are becoming almost instantly-recognizable names in nomad circles, and many hope this will have a positive effect on the Georgian economy via direct spending, international connections, publicity, and entrepreneurship.

On the surface, Georgia doesn't look like a stereotypical nomad spot, and until recently it's been relatively unknown.

Many location-independent workers tend to take advantage of their flexible

online jobs to visit warm Asian and Latin American nations like Thailand, Indonesia, Vietnam, Colombia or Mexico. Chiang Mai, Thailand, has even gained a reputation as the “digital nomad capital.”

The growing nomad population makes this title an increasingly significant one: MBO Partners, a firm specializing in connecting independent consultants with major enterprises, estimates that there are currently 4.8 million workers that describe themselves as digital nomads, and Nomad List founder Pieter Levels predicts (perhaps somewhat optimistically) that there will be a billion digital nomads by 2035. The U.S remote workforce has grown by 140% since 2005, with 27 companies now operating fully remote, and the trends are pointing towards digital nomads becoming an

important part of world travel trends in the coming years.

The nomad nation has very flexible borders, though, and over the past few years, Georgia has quietly become a new hotspot, largely thanks to improving infrastructure, liberal visa policies (95 countries get one year visa-free on entry, with no limit on re-entries), the low cost of living, and more routes being flown by budget-friendly airlines.

Innovative initiatives like Work-FromGeorgia are also helping put Georgia on the nomad map, creating an environment that is not only welcoming to visitors but conducive to creating deeper ties, and nomads themselves are stepping up, starting businesses and even bringing a major nomad event, Nomad Summit, to Tbilisi in May 2020.

NOMAD TRENDS

What makes a city or country a good nomad destination? A small survey of Tbilisi nomads says good internet, easy

visa policies, access to other countries / low-cost flights, the low cost of living, safety, mild climate and interesting culture are some of the most important aspects, and most nomad blogs will tell you the same.

Georgia checks most of these boxes, though it lacks the tropical climate that tends to dominate nomad Instagram feeds and has historically been a bit of a hike to get to. It's still relatively mild, though, and low-cost airlines have also been opening up routes to Europe and Asia as tourist interest increases, which could give Georgia an advantage as a convenient base between nomad destinations in Eurasia.

Google Trends shows that searches for terms like "digital nomad Tbilisi" and "digital nomad Georgia" have been on a steady uptick since around 2017, along with an increase in high-profile blog mentions.

Perhaps the most salient metric for the growing Tbilisi/Georgia nomad community, though, is the Tbilisi Digital Nomad Facebook group, which got its start in June 2019 and hit over 900 members by January 2020.

For reference, Chiang Mai Digital

Nomads (the most popular group) has 34,000, Digital Nomads Medellin has 7,000, and Mexico City Digital Nomads has around 1,200. Tbilisi's community hasn't hit the same scale as the major nomad destinations yet, but it's growing fast.

Chiang Mai is actually the second-most-common city of residence for the Facebook group's members (after Tbilisi), which indicates a connection between the two communities and may portend an eventual shift in nomad numbers.

As Thailand's visa policies become stricter and air quality continues to deteriorate, Georgia's comparative advantage in both of those categories is pushing it high up the list of nomad destinations.

Tbilisi has also been outperforming on the influential nomad city ranking site, Nomad List, in 2019. The Nomad List algorithm, which scores cities based on a multitude of factors drawn from different data sources, has put Tbilisi in the top 10 several times (topping out at #4 in January 2020). Time series data isn't directly available, but based on Archive.org snapshots from past years, it seems Tbilisi has improved on Nomad List's most important metrics since 2016, going

from mostly yellow "Okay" ratings to green "Good/Great" ratings for internet and fun, and, somewhat surprisingly, going from "good" to "great" for cost.

Nomad List also mentions the ease of doing business in Georgia as a mark in its favor, and while not every nomad is a business owner/entrepreneur, there is a lot of interest in Georgian tax residency and business registration. As of January 2020, Georgia sits at #7 overall on the Ease-of-Doing-Business Index, and while it can't quite compete with the online services and EU access offered by a country like Estonia with its e-residency program, Georgia is definitely making an effort to become a favorable place to start and sustain a business.

WORKFROMGEORGIA: WELCOMING NOMADS

Nomads don't need an invitation to come check a place out, but if they get one they probably won't turn it down.

A site that lets local spaces offer desks in their office to digital nomads certainly sounds like an invitation, and WorkFromGeorgia hopes that nomads will take it as one.

The idea was originally conceived at Betterfly DDB—a creative agency in Tbilisi—and has proved so popular with nomads and locals alike that the project now has 30 workspaces available across Georgia, bookable via an Airbnb-like interface.

Initially, says Irina Ghughunishvili, one of the project's founders, WorkFromGeorgia's main aim was to attract digital nomads to help compensate for the drop in Russian tourism after the flight ban in July 2019, but she sees a lot of other potential benefits in Tbilisi becoming a new nomad hub. Nomads tend to stay longer and spend more money, but it's not just their direct contributions to the economy that she thinks are valuable. ►►



New coworking/coliving space on the block - Lokal Tbilisi. Photo: Jennifer Rice

- “They’re working professionals; they’ve travelled the world,” she says. “They’re interested in a lot of different industries, and even the exchange of ideas on the professional level would be beneficial for Georgia.”

That’s why the founders of WorkFromGeorgia are specifically hoping to connect nomads with locals and cultivate international relationships.

“Everyone wants to really understand and learn more and be engaged in local communities,” Ghughunishvili says. “You can hang out with digital nomads and other travelers and it’s great, but why you are going to the country first of all is because you want to know how people actually live in that country.” Not only can the project help make nomads more involved, but the novelty of the experience can make for excellent social media buzz—something nomads tend to be very good at generating.

WorkFromGeorgia is currently being run by Betterfly as a corporate social responsibility project, but are looking for growth opportunities, as they believe that they could become a valuable part of Georgia’s digital nomad strategy.

NOMAD INITIATIVES

Lokal Tbilisi is another project intent on building a positive relationship between Georgia and the digital nomad community, though this one is coming from the nomad side. The coworking/coliving space was started by Candy Treft—a digital nomad from America who came to Tbilisi for a month and ended up extending her stay indefinitely. “I got here in May and extended until June, and extended until July, and ended up not leaving until August,” she says with a laugh, echoing a sentiment common among many longer-term expats and nomads in Georgia.

As the founder of the Tbilisi Digital

Nomads Facebook group, Treft saw the potential for growth and created her coworking/coliving space with the goal of giving nomads a way to settle in Tbilisi and quickly connect with the local and nomad community.

“I think there’s potential for both positive and negative impacts,” she says. “A lot of it depends on the mindset of the digital nomads coming in. I find that in a lot of communities the digital nomad culture is very insular... That’s the thing that I’d personally really like to change—that mindset.”

Like the WorkFromGeorgia team, though, Treft believes that there are a lot of opportunities for digital nomads to have a positive impact by supporting local businesses and giving them conduits to larger professional networks. “That’s one of my goals long-term,” she says, “to be able to interact with that local digital community and connect them with the right resources internationally.”

Coming from even further outside Tbilisi is Nomad Summit 2020, a major nomad conference slated to be held at Fabrika from May 22-24. Most Nomad Summit events are held in Chiang Mai (the nomad capital, if you’ll recall), and, though it’s also been to Las Vegas and Cancun, Johnny FD, who has organized the event since 2015, sees Tbilisi as potentially being the next Chiang Mai. “The only thing Tbilisi is currently lacking to really be a world class base for digital nomads and location independent entrepreneurs is a community,” he says. “That’s why we’re bringing ours with us and showing them firsthand what Tbilisi is like and why they should move to Georgia.”

If the nomads attending the event agree, WorkFromGeorgia is likely to play host to a lot more than the approximately 70 nomads it welcomed in 2019. Johnny FD believes the Nomad Summit will do

a lot to raise awareness about the perks Georgia has to offer nomads. “With easy 1 year visas, great infrastructure and welcoming people, Tbilisi is prime to be the next digital nomad hotspot,” he says. The Nomad Summit will bring 200 digital nomads from around the world, and really put it on the map, just like we have with Chiang Mai, Thailand in the past.”

GEORGIA: NOMAD NATION?

Digital nomads in Tbilisi will likely never have the same direct impact that millions of yearly tourists can bring, but the fact that Georgia is in a position to be a hub for this new global workforce is an opportunity that can’t be overlooked—and it’s certainly on the right track so far. As Treft says, “Georgia is a really good example of how the local community is trying to welcome the digital nomad community.”

Unique innovations like WorkFromGeorgia are a fantastic example of how a country might be able to capitalize on some of the best traits that nomads have to offer: a wide range of digital skills, international connections, and a passion for exploring and building.

Of course, since Georgia’s competition is literally every other country/city/state in the world, many of which already have a higher profile and some of which (like Estonia, Lithuania, Serbia, Malaysia, Vermont, and Oklahoma City) have already launched programs targeting nomads, there’s no guarantee how easy it will be for Georgia’s charm to continue to captivate nomads in the long term. The exact value of attracting them also isn’t clear, as the impact of nomads on local economies remains a little-studied topic. Georgia is currently ahead of the curve when it comes to nomad-friendly policies, however, and definitely has the potential to become a good example of the right way to approach the phenomenon.

NEW YEAR, NEW REGULATIONS – SHAPING ENERGY MARKET

Starting from 20 December 2019, the Georgian Parliament adopted several laws in relation to energy field, some of them prompted by the DCFTA. The changes focus on improving transparency with regard to gas and electricity prices charged to industrial end-users, as well as oblige the State to progressively develop renewable energy and substitute old resources. Amongst those adopted recently, the new Law on Energy and Water Supply is likely to have the most impact on the market. The latter regulates, among other issues, activities of physical and legal persons in the field of electricity system management, electricity market, generation, transmission, distribution, import, export and consumption of the electricity (power). It sets the rules of conduct for the energy market players. Despite all these changes, harmonization of Georgian legislation with the relevant EU Directives and Regulations is still underway. For instance, the Georgian Parliament published the Bill on Energy Efficiency that focuses on increasing safety of electricity supply and becoming self-sufficient through energy conscious policies.

The wave of legislative changes in the energy sector is rather overwhelming, but it does not mean that the process will stop anytime soon. Meanwhile, it is yet to be seen whether such swift and impactful changes are any better for the market than gradual approximation of Georgian regulations to those of the EU.

NEW LAW OF GEORGIA ON DERIVATIVES

As flagged in the September issue of our Legal Newsletter, the Bill on Financial Pledge, Netting and Derivatives was submitted to the Parliament of Georgia. It successfully passed the parliamentary hearings and was published on 20 December 2019. The law introduces definitions of derivative instruments, qualified financial contracts, financial pledge, etc. and essentially facilitates trading with qualified financial instruments. Most notably, it reinforced the enforceability of close-out netting even in insolvency scenario, which was a major defect of Georgian financial regulations prior to adoption of this law. Furthermore, the new law sets that qualified financial contracts may include derivatives and financial pledge. Derivative is defined as a qualified financial contract, the value and cash flow of which depends on underlying assets or underlying indicator, payment of which shall be made by real delivery or in cash, including netting/final netting. The law also regulates subject of financial pledge and differentiates between two types of financial pledge (possessory financial pledge and collateralized financial pledge). Moreover, the National Bank of Georgia is granted the authority to define additional types of qualified financial contracts and extend the list of underlying assets or underlying indicators.

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IMPORTANT RULINGS OF THE CONSTITUTIONAL COURT

The Constitutional Court of Georgia recently delivered several important decisions concerning application of certain provisions of the Law of Georgia on Enforcement Proceedings. Namely, according to the most recent ruling of 17 December 2019, the provision authorizing the enforcement bureau to issue ownership certificate to a successful bidder in a public auction on the shares of TV or radio broadcasters was declared unconstitutional. In particular, voluntary transfer of shares in a broadcasting company was and still is subject to approval by the Georgian National Communications Commission (GNCC), while their sale for the enforcement of decision or award was completely out of GNCC's supervision. This also made it possible for offshore entities to acquire such shares triggering revocation of the broadcasting license. The court emphasized the importance of existing supervision and public awareness on the beneficiaries of broadcasting license holders, which cannot be superseded by creditors' interests.

As part of another case published on 14 November 2019, the Constitutional Court was asked to review the constitutionality of Article 75(5) of the Law of Georgia on Enforcement Proceedings and its compliance with the due process rights. Under this Article, unless an asset was sold at the auction (including first and two repeated auctions) for the purposes of enforcement of a court judgment or arbitral award, the attachment would be lifted and no enforcement remedies were available to the same creditor against the same property for enforcement of the same claim. The court concluded that this rule was not proportionate with the legitimate aim pursued and pointed out several possible alternative approaches for achieving the same goal (judicial economy). The court established that disputed article breached the right to due process.

ANOTHER CRUSADE AGAINST GAMBLING BUSINESS

BLC has been closely following continuous amendments to the gambling regulations. On 13 November 2019, another package of legislative amendments was introduced to the Parliament of Georgia aiming at social welfare of citizens. Proposed amendments increase the age limit to 25 for citizens of Georgia for participating in games of chance organized electronically. Most importantly, the bill proposes creation of a list of addicted individuals and its management to be conducted by the Revenue Service of Georgia. The rationale behind such regulation is self-evident. The bill pictures adding of personal data of an individual to such list upon request of a family member through judicial procedure. Such list is proposed to operate essentially as a black-list – individuals listed therein will not be allowed to access gambling facilities or even create an account at online gambling platforms. Lastly, the bill aims to implement FATF recommendations of Council of Europe establishing mandatory AML check for obtaining gambling license in Georgia.

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WHAT WE DO

What's new in the 2019-2020 Georgian ski-season

GEORGIA'S FOUR MAIN SKI RESORTS ARE MAKING STEADY IMPROVEMENTS TO BOTH MUNICIPAL AND SKI INFRASTRUCTURE AND ARE EXPERIENCING RAPID GROWTH. WHILE TRADITIONAL RESORTS LIKE GUDAURI AND BAKURIANI SEEK TO BECOME SKI-MECCAS, SMALLER RESORTS ARE BIDDING ON RETAINING THEIR AUTHENTICITY AND UNIQUENESS TO ATTRACT TOURISTS.

TAYLOR MARGVELASHVILI

BAKURIANI

WINTER VISITORS IN 2018-19:	136K
SKI LIFTS:	7
TRAILS:	24
TOTAL LENGTH OF SKI TRAILS:	29 KM

Bakuriani is busy with preparations for the upcoming Freestyle Ski and Snowboard World Championships which will be held at the resort in 2023. The resort will also be hosting the 2022 FIS Ski Flying World Championships. These events, Mountain Resorts of Georgia Communications Head Ani Geradze says, “will help popularize winter sports and add to the ever-increasing influx of international tourists into the country. The eyes of the world will be on Georgia, and Bakuriani is determined to impress.”

Bakuriani has also been nominated as a candidate host city for the European Youth Olympic Winter Festival in 2025.

In preparation for the upcoming championships, Bakuriani has been expanding both its ski and municipal infrastructure.

A new ski lift has been added on the Didveli slope with a capacity of 1800-2400 passengers per hour. It was constructed by the Swiss company Doppelmayr Garaventa Group. 10 gondolas were also added to one of the main lifts to the already existing 34, increasing the capacity by 350-400 tourists per hour.

The Municipal Development Fund of Georgia has implemented a 5 million euro project, funded by the EBRD, to expand the fleet of specialized vehicles in Bakuriani, adding 10 new modern diesel buses, a front loader, snow compactor, evacuator, wheeled excavator-loader, wheeled loader (mini loader), universal multifunctional truck and waste collection vehicle.

Some of these vehicles will be driving along the new Bakuriani Bypass Road, which runs from the main resort complex to the Didveli ski zone. The 6.3 million GEL project was financed by the European Investment Bank and is expected to drastically reduce congestion in and around Bakuriani.

The Municipal Development Fund, in cooperation with the Egis Group and with help from the World Bank, has also invested 55 million GEL (\$18.8 million) in its strategic plan to develop “multi-modal transportation and mobility” in Bakuriani. This includes building new sidewalks, crosswalks, streetlights, bicycle paths, and bus stations, as well as improving public spaces, such as parks, squares, and pedestrian walkways. The project will also focus on improving the facades of centrally-located buildings and beautifying tourist areas.

The Adjara Group's internationally-

renowned hotel chain Rooms has officially opened in Bakuriani in time for the 2019-2020 ski-season. This ski-in, ski-out hotel is located in Kokhta-Mitarbi, in the heart of the mountain wilderness.

“Rooms Hotel Kokhta’s sleek, contemporary design is inspired by the local landscape, using traditional Georgian building materials, such as wood, stone, and clay to evoke an atmosphere that is modern, while still paying tribute to its cultural heritage. \$40 million was invested in the hotel, which has 95 guest rooms and a stunning view of the Caucasus mountains, conference halls, and a farm-to-table restaurant reflecting modern culinary preferences with a strong connection to locally-sourced products. Soon, Rooms Hotel Kokhta will also have a spa and a swimming pool”, Adjara Group Managing Director Levan Berulava told *Investor.ge*.

The construction of this new hotel is one part in a two-stage plan to reinvigorate and further develop the Kokhta-Mitarbi area. The next stage will include building a car-free resort, oriented towards tourists who want an authentic wilderness experience away from busy roads. Construction on this stage is expected to continue in 2023, after Bakuriani hosts the Freestyle championship.



GUDAURI

WINTER VISITORS IN 2018-19:	410K
SKI LIFTS:	18
TRAILS:	26
TOTAL LENGTH OF SKI TRAILS:	52 KM

Georgia's largest ski resort, Gudauri already has well-developed ski and entertainment infrastructure and offers a wide array of adventure sports opportunities such as back country and heli-skiing.

Though Gudauri and Bakuriani experienced a difficult start to the year after experiencing water shortages in

early January caused by unseasonably dry weather, both resorts have made a comeback.

Gudauri is expanding its safety and monitoring systems, including the installation of an avalanche warning system to prolong the number of days that the resort is open.

Another example of how the Gudauri resort is developing is the Gudauri-Kobi cable car, which opened in January 2019 and connects Gudauri to Stepantsminda. The cable car stretches over 7.5 kilome-

ters, and only takes around 15 minutes and is considerably more convenient than using the Jvari Pass, which can be dangerous and is often forced to close due to snowfall, avalanches and landslides. The 81 million GEL cable car will now also ensure that the Stepantsminda region does not remain for long periods of time in the winter season.

Yet another infrastructural improvement is the construction of the 22.7 kilometer Kvesheti-Kobi road, which is comprised of five tunnels and six bridges, and runs under the Jvari Pass, further reducing avalanche risk. The \$558 million investment project backed by the ADB, EBRD and Government of Georgia is due to be completed in 2023.

This road is a crucial addition to the North-South corridor connecting Georgia, Russia, and Armenia. One of the five tunnels is an impressive 9 km long. The project will reduce the distance between Kvesheti and Kobi, reducing travel time from 1 hour to just 20 minutes.

Aside from the new infrastructure, a brand new 4-star Best Western hotel opened its doors in late December 2019. The 63-room hotel cost 10 million lari to construct. The Amber Group also opened the Gudauri Lodge, which is located on one of the slopes and has ski-in and ski-out facilities available for tourists.



GODERDZI

WINTER VISITORS IN 2018-19: 14.7K
OF SKI LIFTS: 4
OF TRAILS: 4
TOTAL LENGTH OF SKI TRAILS: 8 KM

One of Georgia's newer resorts, Goderdzi is a great destination choice for ski enthusiasts seeking undisturbed powder and to get away from the crowds.

The Goderdzi resort has snow cover from November-April, giving it the longest ski season of any resort in Georgia, and experiences up to three times more snowfall than either Bakuriani or Gudauri.

The resort has set itself apart by the availability of catskiing and heliskiing

opportunities.

But the resort is growing: it currently has 19 new investment projects worth 150 million GEL (\$51.57 USD) in the works.

One of the biggest obstacles to development in the area is the lack of updated road infrastructure connecting Goderdzi to Batumi and Tbilisi. One project to address this problem is the reconstruction of the Khulo-Zarzma section of the highway that leads from Akhaltsikhe in the east to Batumi in the west, passing by Goderdzi in between.

Funded by the Kuwait Fund for Arab Economic Development, the \$110 million project began back in October 2018

but has had several hiccups along the way, however Georgian Roads Department Deputy Chairman Levan Kupatashvili says that progress is expected to pick up after the 2019-2020 winter season.

The project includes laying 47 kilometers of a two-lane road which will drastically reduce travel time between the Javakheti and Adjara regions by up to 1.5 hours, and open up a second transit artery in addition to the traditional East-West highway that runs to the north.

Back in late 2018, then-PM Mamuka Bakhtadze announced that 30 million GEL had been allocated to provide a steady supply of gas to the Goderdzi Gorge in 2020.

MESTIA (TETNULDI AND HATSVALI)

WINTER VISITORS IN 2018-19: 41K
OF SKI LIFTS: 7
OF TRAILS: 14
TOTAL LENGTH OF SKI TRAILS: 37 KM

Mestia is often hailed as one of Georgia's most unique resorts, given its remoteness, altitude and pristine beauty.

In a bid to prevent over-construction in Mestia and the surrounding area, a development plan for the municipality has been drawn up and is awaiting confirmation.

Local hotel owner Levan Dadvani says the area has been slow to develop, but somewhat purposefully: locals are wary of large developers that want to

construct residential complexes.

"It's not that locals don't want hotels – it's the apartments that are then rented out remotely via AirBnB that are a problem for the sustainable development of a local economy", Dadvani says.

Hatsvali is easily reachable from Mestia itself by lift. However, Dadvani notes that the resort itself is in need of a larger lift that can accommodate more people as demand has risen surprisingly quickly in recent years. Dadvani recalls skepticism amongst locals in the area, who at first joked that the lift would go unused.

Tetnaldi, the other mountain resort in the area, is just 18 kilometers from

Mestia, however the journey could be shortened to just eight if a project proposing a lift from the village of Mulakahi goes through. The lift is important not only to reduce travel time and distance – the road to the base of Tetnaldi also presents difficulties, with large snowfall sometimes blocking the road or making it more difficult to traverse.

Special thanks to SkiGeorgia.ge Managing Editor Daniel Doinitsin, Mountain Resorts of Georgia Head of Int'l Communications Ani Geradze and the Georgian National Tourism Administration for assistance in preparing this article.



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Maritime sector making waves as Georgia pushes out to sea

GEORGIA'S MARITIME SECTOR HAS NAVIGATED TOUGH WATERS SINCE INDEPENDENCE, BUT STEADY STEPS PROVIDING INCENTIVES TO ATTRACT FOREIGN BUSINESS TO THE CITY'S COASTAL REGION MAY SOON PROVE FRUITFUL.

JOSEF GASSMANN

Georgia is paying increased attention to the maritime sector as the importance of the blue economy makes its way onto the radar.

Against the background of booming global demand forecast by Lloyd's Register of Shipping in the maritime industry over the next ten years, the European Union has allocated €300,000 for the creation of a five- and ten-year maritime development plan, which is being produced by the Georgian Maritime Transport Agency, and which aims to revitalize the sector.

"The sea rarely meant anything more than a border for Georgia. Even the word border in Georgian itself comes from the word sea – as if the sea is a place where

the world ends", the Deputy Director of Georgia's Maritime Transport Agency Ivane Abashidze says about the country's historic limited perception of the sea.

Georgia is now beginning to adopt a 21st century view of the extent of the opportunities it has to act on in the blue economy, extending beyond transit trade for goods en route to Europe from China and Central Asia.

Rebuilding fleets, promoting the interest of shipowners to sail under the Georgian flag, attracting companies working in the maritime sector to set up camp in the country, expanding tourism and exploiting the Free Industrial Zones bordering the country's ports – the possibilities along its 310 kilometers of Black Sea coastline are vast.

Not to lose sight of the moment,

In the past three decades since Georgian independence, the country's maritime sector has sailed through choppy waters.

After the collapse of the Soviet Union, the national Georgian Ocean Shipping Company worked its way into debt and its assets – including a not unimpressive fleet of ships, including dozens of tankers – were scattered to the four winds.

Thousands of experienced sailors were able to briefly find work with foreign companies, before the European Commission withdrew the recognition of Georgian seafarers' certificates – many of which, it said at the time, were being forged – in

Georgian Maritime Transport Agency Deputy Director Abashidze says plans to revitalize the sector will be allow for the development of a business climate and conditions to attract foreign shipowners and their manifold associated business and support services.

Maritime services and logistics specialist Tarimanashvili says Georgia is uniquely positioned geographically, and that with its low-corruption and business-friendly environment, a few tweaks to legislation could bring in a slew of businesses.

"There are a number of countries in

2010, protesting the poor quality of the system of training and certifying seafarers in Georgia.

Through a series of reforms between 2010-2012, which included the creation of the country's regulatory body, the Maritime Transport Agency and the introduction of new training standards in maritime education, these issues were addressed: the EU Transport Commission re-examined the issue and in November 2013 lifted the ban on Georgian certified seafarers for EU vessels.

Now, Georgia has agreements with 51 countries worldwide on the mutual recognition of seafarers' certificates, 19 of which are members of the EU.

the region that would gladly come here if the conditions were right. Turkish, Ukrainian companies in particular, because they face several issues there and the tax legislation in those countries is not ideal. But we could attract companies from even further abroad – such as from Central Asia. Having established a track record with regional companies, we could eventually hope to compete with maritime hubs such as Cyprus, the Emirates, Malta or elsewhere”, Tarimanashvili says.

This, Tarimanashvili says, could be done by the provision of tax benefits and

exemptions to shipowners and operators, the implementation of a tonnage tax, plans to handle port congestion and the promotion of maritime finance models for local banks, amongst others.

MANEUVERING TO FOREIGN BUSINESS

Lithuanian shipping company Stellar Navigation set up a management and operations office in Batumi in early 2019 – their story illustrates what still needs to be done to nurture such shows of interest in Georgia's maritime sector.

Certainly, among the front-runners, if not the first foreign maritime company to pitch camp in Georgia, Stellar Navigation is testing the local waters before considering introducing larger operations in the area.

Company director Aleksandr Lysenko explains his company's status in Georgia and how he landed in the country in the first place:

“Currently we've about ten people on the ground in Georgia, and are engaged in managing our commercial fleet. At first I did not plan any radical move to Georgia. But I've another business here, the legislation covering our initial foray into the country seemed favorable, and, well, the weather's hard to beat!”

However, there were a few stumbling blocks along the way, Lysenko says.

Unfamiliar with maritime business operations, banks were at first reticent to offer financial services.

Maritime services specialist Jaba Tarimanashvili referred Stellar-Navigation's case to the Maritime Transport Agency.

He explains: “The shipping industry is new for our country, and consequently there is not much experience in the field of maritime finance. Finance institutions needed to understand that in order to run an international shipping business, you don't actually need to have your ships docking in your waters. This issue was solved by direct communication, which is one advantage we have as a small country, and one with which we could attract the attention of other companies: you can talk to both the government and to large businesses here and you will be heard.”

Otherwise, Lysenko says, the country's legislation is fairly suitable for maritime companies to set up more involved operations: however, the current taxation system is an obstacle that needs to be addressed before this can happen.

“The largest issue is that of the benefits and exemptions that shipowners can expect to enjoy almost the world over. Shipping is a sort of locomotive that brings behind it a whole slew of other businesses – ship repair, building,



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► accounting, management and other professional services and much more. And so shipowners and companies expect to be given a number of concessions”, Lysneko says, noting some of the most prohibitive taxes that are generally done away with per industry convention include taxes on income, property (vessels) and employment.

Tarimanashvili says these taxes can be replaced by something else:

“What we need is a tonnage tax, which is a predictable yearly payment based on a vessel’s registered tonnage. The tax is a relatively small amount, and can in some way be considered a formality, because there are places where ships can go where they pay nothing. But ship owners largely prefer environments where they feel they can have a productive, mutually beneficial relationship with the host state.”

PROPELLING AND PROMOTING

The Maritime Transport Agency has made quite a bit of progress, particularly in the past year, in gradually pivoting the country’s whole maritime sector to make it more attractive to foreign maritime companies and promoting the growth of the seafaring industry at large.

“Cutting down bureaucracy has been an important push in this direction”, Abashidze says, noting that in 2019, the Maritime Transport Agency launched the research stage of implementing a so-called ‘single window’ system for ports, the purpose of which will be to provide ports and ship owners with digital government services, and relieve ships of having to go through numerous bureaucratic and document procedures related to import, export and other regulatory requirements.

Georgia has also begun to take steps to revamp education in the seafaring profession – a sensible move, given how well the trade can pay. In 2018, Georgian sailors brought home more than 400 million GEL (\$140 million) to their families; support staff can make up to \$1,000 a month, mid-level crew can earn around \$4,000 while top-level managers can rake in \$8,000 a month and more, making for some of the only western-level salaries available in the country.

In 2016, the Maritime Transport Agency adopted a document with the Ministry of Education to introduce international standards in the maritime educational sector.

“One crucial element of reforming the education system entailed the inclusion of English – as the official industry language – into the system and doing away with instruction in Russian. Earlier, we had seafarers that knew Georgian and Russian, but no English. Where were they supposed to find employment, when the rest of the industry has adopted English

as the official language?” Abashidze says, noting “the incorporation of digital learning and hands-on training modules into the curriculum, and raising demands on students overall will make the graduates of the 2019-2020 school year – the first wave of students to graduate since the new requirements were put in place – really stand out on the market, making for a difference of “night and day” in comparison to former years.

The reach and availability of education for seafarers is also expanding, with the Georgian government spending 6 million GEL (\$2 million) on extending the Batumi State Maritime Academy into Poti by opening a new branch in the former building of the Hydro-Melioration School – a building included in the country’s list of historical heritage sites of the 20th century.

Construction of the Poti branch of BSMA is slated for the end of 2020,

while its first students will matriculate in 2021. The branch will at first be capable of enrolling 1,000 students, and will employ 250 professionals, teachers, administrators and support staff.

The MTA has also signed agreements with Brazil and Germany, detailing the mutual recognition of certificates for Georgian seafarers training and certification standards in both countries, in addition to Kuwait and Croatia. An agreement was signed with Australia to have Georgian seafarers’ certificates recognized as well, and a similar agreement with the UK will be reached soon, the agency says. In total, Georgia has 51 such agreements, 19 of which are members of the EU.

FULL STEAM AHEAD

Georgia won’t restore its fleet and former lively maritime sector overnight, Lysenko says.

“For now, it’s a matter of creating the right conditions, and taking care of individual businesses that trickle in – this is what Georgia can do right now.”

Tarimanashvili agrees that the growth of the sector must be approached with a long-term view.

“Georgia is in a position to present itself as the doorway to a number of opportunities. But traders never want to face a dead end, and they are constantly searching for new routes and alternatives to existing ones. If they don’t find it here, they will find it elsewhere. What we need now is a clear vision, a strategy and better communication with neighboring countries – that’s when we can expect to start making real waves.”

Thanks to Batumi State Maritime Academy Business Faculty Dean Roman Mamuladze for assistance in the compilation of this article.





Georgia's capital markets primed for influx of int'l investment following new rules and regs

SALLY WHITE

As Georgia's State Pension Fund has launched, a whole raft of new rules and regulations are readying Georgia's capital markets for an increase in business, both domestic and foreign.

A multipronged package of measures is being targeted at encouraging lari funding, helping cut back dollarization,

reducing currency and interest rate risks for banks, companies and investors and increasing investor protection.

The laws also aim to enable Georgian banks to gain a foothold in global markets and help bring money into the country.

The International Monetary Fund (IMF) has applauded the National Bank of Georgia (NBG)'s strategy to "engage with foreign investors through an inves-

tor relations office and road shows."

The ground has been prepared with new Georgian laws, says the NBG "in compliance with the best international practice" and "based on relevant European Union (EU) directives and regulations". The new legislation on investment funds, it believes, "creates an attractive and competitive foundation for fund business development in Georgia." As it stands now, there is little any fund business at all.

Such progress in the development of capital markets will help Georgia present a good case to analysts at international rating agencies to back up the strong growth prospects story. All three have been steadily upgrading Georgia over the last couple of years, so the country is now

not too far off from achieving investment grade – 2025 is suggested in the markets – which indicates an acceptable level of risk for major international funds.

The hope is that these measures, as well as the major new investor in the form of the State Pension Fund, will encourage more players to join in Georgia's markets.

At TBC Capital, the view of the research team is that “there is room for new investment vehicles. In most cases, demand on issuances is oversubscribed, indicating high demand for Georgian bonds...We believe that new issuances could stimulate secondary trading and increase market liquidity.”

Brokers Galt & Taggart predict that with 500 million GEL (\$173 million) in its coffers already, the Pension Fund will accumulate 4.8 billion GEL (\$1.6 billion) by 2025.

“Currently half this amount is deposited in commercial banks, while the rest is in the National Bank (NBG). The pension proceeds are expected to be invested in local treasuries (government bonds) from 2020 and gradually expand to Georgian Eurobonds and local corporate bonds. The fastest growing category is expected to be GEL-denominated local corporate bonds and treasuries, as the emergence of a large institutional investor (the State Pension Fund) will increase demand.”

However, with Georgia's corporate sector need for very considerable sums of money to develop energy production, agriculture and industry, more than the State Pension Fund's investment resources are required.

Galt & Taggart adds: “The Pension Fund has a 10 percent limit on investing in local corporate bonds of a single issuer, and we expect that to be a major obstacle for local corporate bond development.”

January 2020 kicked off with the NBG announcing a long-heralded law that creates a framework for derivatives – financial contracts used worldwide to manage risks. A lot of heads have been put together on this, with the European Bank of Reconstruction and Development (EBRD) and the International Swaps & Derivatives Association working with the NBG. Also pulled in, through workshops, were potential local users.

“Banks currently do cross-border derivatives, but volumes are limited and prices are high. Without netting arrangements in place, banks have to allocate capital on gross exposure. This changes with the new law,” explained the NBG.

“Corporates: they too have exposures to currency and interest rate risks. Especially exporters and importers. They are going to be active consumers of derivative products. Their counterparties are usually banks. When banks enter into derivatives with corporates, they may be exposed to additional risks. That risk is usually hedged with other banks in the market. Again, the costs of hedging are priced into products offered to corporate clients”, the NBG added.

As described in detail by the EBRD, January's package “provides for the enforceability of derivatives transactions, including netting, close-out netting and financial collateral, amends a number of laws and reinforces key related concepts, such as settlement finality.” It allows “companies to safely and efficiently hedge their risks and exposure, including from foreign exchanges and interest rates, contributing to the development of a local currency financial market.”

In the pipeline are laws to improve investor protection and investment transparency, to provide new forms of securities (covered bonds) and make bond pricing more efficient. The IMF has listed,

with approval of the pace of progress in developing the markets, “a roadmap to introduce a Primary Dealers system (in which dealers act as wholesalers for the National Bank) that will help deepen the market and diversify the investor base.”

Georgia is making up for lost time. Even the NBG admitted last year that Georgia's bond market (corporate and government) “is relatively small compared to its peers” and that includes even neighbouring countries. It added: “The lack of liquidity in the secondary market and the relatively small size of the issues remain constraints for foreign investors.”

Another concern, outlined in the NBG's 2019 Financial Stability Report, was that much corporate debt “is foreign currency-denominated which businesses find difficult to hedge. There has also been considerable reliance on short-term funding, which would pose rollover risks should financial conditions tighten.”

Government advisors Berlin Economics have commented that “larger companies...lack long-dated currency debt instruments and risk-orientated capital” because of the “underdeveloped bond and equity markets”.

The extent of dollarization, still at the relatively high level of 56 percent of loans and 62 per cent of deposits “results in vulnerabilities” says Berlin Economics' Dr. Alexander Lehmann. These include credit and liquidity risks. His concern was shared by IMF managing director Christine Lagarde on her visit in 2019, and she pointed to solutions such as “developing the local capital market and promoting institutional investors who could support demand for long-term, local-currency bonds and other financial assets.”

These concerns are being addressed.

Foreign investor interest in Georgia's markets has been rising, but for the less risky government treasury rather than ►►

corporate bonds, and non-residents hold 10 per cent (as of December 2019) of treasuries outstanding.

Galt & Taggart expect their attraction to continue. “The increased interest of non-residents recently can be explained by high interest rates in GEL while in

the US and other advanced economies, rates remain low. As there will be little room for a sizable rate cut in 2020 given inflation dynamics in Georgia, we expect interest rates will remain high in GEL and Georgian treasuries will remain competitive.”

Still to come? According to Dr. Alexander Lehmann: “Innovations such as inflation-linked bonds and green bonds could further widen funding. Liquid equity markets are a more ambitious aim - private equity rather than listed stocks and IPOs should be the priority.”

2020 IN THE NATIONAL BANK OF GEORGIA'S CAPITAL MARKET DEVELOPMENT PROGRAM

Law on Derivatives: now in force	Can be used by both local financial institutions and their international counterparties
Investor Protection: law amendments to be submitted to parliament by Q1 2020	Based on EU models, these amendments should bring significant improvements in protection, control of market abuse and increase transparency.
Investment Fund Law: expected initiation Q1 2020	Modelled on directives governing investment fund activities across EU countries
Securities Holding legislation: expected to come into force in H1 2020	“State of the art law” - to bring greater legal clarity and compliance with best international practice, ensuring high levels of protection for both local and international investors.
Covered Bonds – parliamentary approval date target Q4 2020	Framework for these asset-back securities that allow financial institutions to buy and sell assets to improve credit quality and lower borrowing costs
Primary Dealer System – 2020 and 2021	To be run in 2020 in pilot mode with six dealers and expected to be fully implemented in 2021



25
YEAR
ANNIVERSARY

**BUSINESS
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Interview: the Business Ombudsman as business mirror

INVESTOR.GE SAT DOWN WITH GEORGIA'S RECENTLY-APPOINTED NEW BUSINESS OMBUDSMAN MIKHEIL DAUSHVILI TO TALK ABOUT THE STATE OF ARBITRATION IN GEORGIA, WHAT ISSUES THE OFFICE DEALS WITH THE MOST AND WHAT INITIATIVES ARE IN THE PIPELINES TO STRENGTHEN THE INSTITUTION.

How has your former professional experience made you the right fit to head up the office of the business Ombudsman?

I started my professional path with the Georgian Young Lawyers Association, and was a member of the board of GYLA for six years until November 2019. Later moving to one of the leading

Georgian law firms and American Chamber of Commerce member Gvinadze and Partners, I spent four years working on commercial issues, working to protect the interests of businesses of all sizes: this was a formative part of my career.

I spent several years at the Economic Council Administration under the office of the PM, and then at the Ministry of Economy where I worked in legislative and policy issues that affect the business environment. It was an important experience as far as obtaining knowledge of how bureaucracies work, and what are the prevailing attitudes and approaches of state agencies and bodies in relation to businesses and commercial entities.

I gained experience working on legislative issues, particularly concerning the management of state property. My group was involved in the supervision and monitoring of state-owned enterprises.

For the last two years before assuming my current office, I worked in the analytical department of the Ministry of Internal Affairs, which, while not directly related to business and commerce, still plays a roll in ensuring safety and security in the country, in turn allowing the business climate to remain strong.

What kind of issues is your office requested to intervene in the most?

The array of appeals we receive is like a mirror – a mirror that reflects the most important issues and concerns for the commercial entities in the country when it comes to their relationship with the state.

Many of the applications we receive deal with tax issues, and thus concern the Ministry of Finance and the Revenue Service. Most of the complaints we receive have to deal with the VAT refund and at times income tax, but there are plenty of other fields, too – import, export and property taxation, to name a few.

Issues related to the privatization of state property are also brought to our attention, when investors need additional clarification to fulfill the obligations they have taken on.

The discussion and fine-tuning of upcoming regulations and legislation is an area that businesses often ask us to weigh in on as well. There are a number of laws in the pipeline that are good for the resilience and strength of the economy, but that may be 'heavy' for private businesses to bear straight off the bat. This involves changes such as to the labor and tax codes, reforms on VAT and various decisions and regulations planned by administrative bodies.

In these cases, we try to work proactively to protect the interests of businesses and commercial entities, but to keep an eye on the public good, as well. The main aim of our office is to uncover obstacles in the legislation that impede doing business in the country and to rectify them.

The motions and recommendations your office makes are not legally binding – from where do they get their authority?

The authority of an office such as

the business Ombudsman, which is incorporated by the law, gets much of its backing from the painstaking research and extensive study that goes into a case and the strength of its presentation.

Something worth noting here is that issuing motions and recommendations is not our only function: we also play the role of mediator. We facilitate strong and coherent communication between private business and state bodies, and the mark of our success is when we are able to bring the two sides to an agreement.

The third pillar of the office's influence is the quality of its work: when your claims are well-grounded, when you justify your case and prove the expediency of your recommendation – this has a very strong force of persuasion.

Yet another way in which we are able to enact change is by addressing what we perceive as systemic issues. When we see that one and the same complaint is being lodged, we look at the source of the problem, and work with state bodies to proactively address the issue. Here, too, working proactively in this regard is much more effective than working on a case-by-case basis.

We particularly encourage the state bodies we interact with to take an investment-friendly attitude given the current level of development of the country.

Ultimately what I want to say here is that the strength of the ombudsman's office does not just lie in motions and recommendations – but in the vital role it plays in helping to fine-tune and perfect the legislation.

Can you talk about your vision for the office?

First on the agenda is strengthening our capacity. We are cooperating with donor organizations to do more trainings for our staff, to raise qualifications and turn out even better quality work. Self-

development is the first part of our job.

We are supportive of efforts to improve the arbitration and mediation sector in the country which really took off a few years ago, and which again took serious steps forward with the passing of new laws on mediation by parliament in September 2019.

This will do much for the country's arbitration and mediation sector, as it will send a very strong and powerful signal to investors and businesses, reinforcing Georgia's image as indeed a country with a healthy investment climate, an agreeable taxation system and efficient bureaucracy.

In general, we have a strong legal framework and dispute resolution mechanisms in the country, but of courses there is always room to improve. As the Ombudsman's office, we are well aware that currently, litigation procedures run a considerable amount of time and that this is a substantial problem for businesses and which can hinder their activity and growth.

Speaking about courts: the Ombudsman's office implemented the *amicus curiae* (friend of the court) program last year, which affords businesses the possibility of appealing to us to present our

opinion in legal proceedings. So far, the program does not have much traction, partially due to awareness, but we are planning to strengthen this institute.

In other spheres of the country's life, bureaucracy has decreased enormously, wait times for documents and state services have been reduced to, in many cases, just days or even hours. This is one of our advantages as a country – we are efficient, light-weight and do not demand too many procedures, but litigation procedures could certainly be sped up and follow in the footsteps of this approach.

Other plans for the future include expanding cooperation with foreign Ombudsman offices. We currently have agreements with Albania, Uzbekistan, Kazakhstan and Poland – we really want to push to establish ties with European countries, so as to strengthen our capacity and implement the best global practices here in Georgia.

Lastly, I'd like to address readers and businesses: the office of the Business Ombudsman of Georgia is open to co-operation and works around the clock to protect the interests of companies working in Georgia. Working side by side, we will continue to support a healthy business environment in the country.

THE OFFICE OF THE BUSINESS OMBUDSMAN'S REFERRAL STATISTICS BY RESPONDING AGENCIES - 2019

Ministry of Finance and its Agencies	158
Other Agencies	51
Local self-governing bodies	32
Ministry of Economy and Sustainable Development and its Agencies	29
Ministry of Environment Protection and Agriculture and its Agencies	21
Parliament	16
Government Administration	12
Ministry of Justice and its Agencies	11
Ministry of IDPs, Labor, Health and Social Affairs and its Agencies	9
Ministry of Internal Affairs and its Agencies	6
Courts	5

Statistics courtesy of the Georgian Business Ombudsman's Office



GEORGIA'S INNOVATION & TECHNOLOGY AGENCY

A look back at 2019 with the Georgian Innovation and Technology Agency

THE GEORGIAN INNOVATION AND TECHNOLOGY AGENCY HAS GROWN CONSIDERABLY SINCE ITS INCEPTION IN 2014. JUST FIVE YEARS LATER, THE AGENCY HELPED DOZENS OF STARTUPS GET OFF THE GROUND IN 2019. WITH A SUBSTANTIALLY INCREASED BUDGET FOR 2020, THE AGENCY HOPES TO CONTINUE TO DRIVE INNOVATION IN THE COUNTRY AND TURN GEORGIA INTO A REGIONAL STARTUP HUB.

LIKA JORJOLIANI

2019 was a big year for Georgian startups and innovative entrepreneurship.

For the first time in history, Georgia was listed as one of the top 50 countries in the Global Innovations Index rankings, coming in 48th: a full 11-point improvement over the previous year.

Indicative of the uptick in attention to and recognition of the importance of the sector was the Georgian Innovation and Technology Agency's (GITA) budget increase from 15,000,000 GEL to 26,000,000 GEL, allowing them to give grants to over 50 startups and implement a number of new initiatives.

"2019 was indeed a turning point in the field of innovation development", the new chairman of the Georgian Innovation and Technology Agency (GITA) Avtandil Kasradze says, noting the field is gradually expanding to encompass IT and AI in addition to the more traditional fields for Georgian startups of tourism and biotech.

Some of the most interesting projects funded by GITA in 2019 included:

Qvevry – a project which aims to produce Georgian traditional wine vessels with the use of modern 3D printing technologies.

RED – a cloud-linked fire alarm capable of sensing smoke, carbon monoxide and other harmful gasses

VTOL – Aerial vehicle – a project to develop an innovative, multifunctional VTOL (vertical take off and landing) manned or unmanned aerial vehicle, which will be fully electric and release zero emissions capable of lifting 100 kg of non-vehicular weight.

In the coming year, the agency plans to fund 40 more startups with 100,000 GEL (\$35,000), and another eight to 10 with 650,000 GEL (\$225,000).

PUTTING TBILISI ON THE STARTUP MAP...

One of the biggest events of the year was Startup Grind Tbilisi in early November.

Startup Grind Tbilisi, organized with the support of the GITA, was the third-largest gathering of start-up companies in 2019 within the Startup Grind network after Silicon Valley and London, and pro-

vided a space for Georgian and regional companies and startups to establish new relationships and share their experiences.

The summit hosted a number of international and local speakers, reviewed programs and events implemented for startups over the course of the year and featured a number of Georgian startups that had brought in more than 1,000,000 GEL in investments in 2019.

Increased financing was indeed a major part of the year on the Georgian startup scene, Startup Grind Tbilisi chapter head and AmCham member Colin Donohue says:

“2019 saw more seed investment, with a few million dollars in private seed funding. More companies started going outside of Georgia, including Pulsar AI who set up an office in San Francisco with their CEO and hired a Silicon Valley salesman to grow their company. Now that companies are starting to get some traction, we’re working more on lining up investment. 2020 will be more about fueling growth for companies who are showing promise’

AND THE REST OF GEORGIA, TOO.

GITA’s activities and initiatives were not just limited to the capital, as they sought to bring the Georgian regions into the fold of the innovation conversation as well.

Part of this mission was achieved with the opening up of techparks and innovation centers across the country, which offer the use of incubators, training centers, laboratories, as well as offices, general work and recreational spaces.

Adding to the already existing spaces in Telavi, Tbilisi and Zugdidi, two innovation centres were opened in Akhmeta and Rukhi in the beginning of 2019, and another techpark is expected to open later this year in Batumi.

The Georgian Ministry of Infrastructure plans to build two more techparks in Kaspi and Gurjaani.

“It is very important that more people be included in the development of Georgia’s innovative ecosystem,” says Kasradze.

GITA also traveled to 11 regions in 2019, including a number of small towns, where the organization held information sessions about ICT (information communication technology), and where young people could learn about studies in STEM fields. GITA also organized a seven-day summer camp focusing on technological engineering and mathematics, which was supported by the World Bank.

THE YEAR AHEAD

Plans for the upcoming year include changing the legal definition and status of startups.

“We want to do away with the public perception that startups can only be a small business or a fledgling company, since startups have other important characteristics, so we’re going to decide who to award that status to and grant tax benefits to high-tech and innovative startups,” says Kasradze, explaining an amendment will be added to the existing innovation legislation about how small businesses attain startup status.

In addition to a larger budget for 2020, GITA received a €1 million grant from the European Union to commercialize scientific developments.

The agency plans to create a technology transfer pilot program to promote the commercialization of research projects that meet the requirements and challenges of the global market. This project will be implemented by GITA, in cooperation with the World Bank and with funding from the EU.

As part of the program, research

institutes in Georgian universities have submitted applications and GITA has selected projects with the most commercialization potential, from universities and individual researchers who they deemed most ready to work with investors. They reviewed 72 projects and selected 13. Another exciting project in 2019 includes the launch of a multimillion-dollar partnership between Silicon Valley, Tbilisi, and the Israeli Techub in Georgia, which led to the creation of the Global Startup Fund, whose purpose it will be to “open access to Georgian startups with multimillion-dollar investments under the Silicon Valley Partnership between Tbilisi and Israel...and to support the process of formulating Georgia’s entrepreneurial ecosystem, discovering innovative startups and promoting their commercialization on the international market.”

One successful project to benefit from this partnership includes Echolize, an international platform for ‘influencer marketing – a form of marketing in which focus is placed on specific key individuals (or types of individuals) rather than the target market as a whole, Echolize’s site reads.

50% of the funding came from a 650,000 GEL GITA grant, and the other 50% was supplied by David Zera of the Global Startup Foundation.

The project is still in beta, but is expected to launch in the first half of 2020.

One of the first projects to be funded by the Global Startup Fund was Pulsar AI, which received \$1,200,000. They also received a \$650,000 grant from GITA.

The company develops technology such as computer language processing, artificial speech, facial and object recognition technology, voice recognition in Georgian, analysis of customer emotion, and talk-to-text technology.



American Friends of Georgia celebrates 25th anniversary with charity gala

THE SILVER JUBILEE OF AMERICAN FRIENDS OF GEORGIA, ONE OF THE COUNTRY'S MOST PROMINENT CHARITY ORGANIZATIONS, PROVIDED AN OPPORTUNITY TO RAISE FUNDS FOR FUTURE PROJECTS AND LOOK BACK AT ITS WORK IN 2019.

Twenty-five years ago, Georgian-American lawyer, environmentalist and public figure Constantine Sidamon-Eristoff set out to establish a charity organization to help his ancestral homeland during the difficult post-Soviet transitional period – this organization was the American Friends of Georgia (AFG).

Today, AFG has become a catalyst for much-needed innovative programs in Georgia to assist and empower children, the elderly and other socially vulnerable groups.

From 1994 to 2019, AFG has carried

out a wide range of projects, including assisting children with leukemia, cancer and TB; opening the 'Parents House' – a rehabilitation center for children suffering with leukemia and their parents; launching initiatives for cervical and breast cancer prevention; creating a palliative, hospice and home care program; rehabilitating disabled and homeless children; reconstructing the Dzegvi shelter; developing vocational education programs for IDP children and adults; building a school in Nikozi; establishing day care centers for vulnerable children; launching environmental education pro-

grams; providing humanitarian goods and medical equipment and much more.

THE 25TH ANNIVERSARY CHARITY GALA

On December 14, 2019 AFG celebrated the 25th anniversary of its charity work in Georgia with a Christmas Charity Gala – a unique opportunity to connect leading local and international corporations, artists, musicians and embassies to solve social problems.

"I carry on the legacy of my father Constantine, who founded American Friends of Georgia 25 years ago at a time of instability and social upheaval in his own father's beloved country of Georgia. It is my great pleasure to celebrate 25 years of AFG's groundbreaking and innovative programs. We look forward to the years ahead!", AFG Chairman Simon Sidamon Eristoff noted at the gala.

This year, the Charity Gala raised 235,000 GEL (\$80,000) to support two major projects: the Dzegvi Shelter Community and a Hospice and Palliative Home Care Program, which help the most vulnerable children and elderly in

Georgia.

The Dzegvi Shelter Community is located near Tbilisi, and started as an orphanage for homeless children in 1995.

The shelter has been one of AFG's biggest success stories, giving 120 formerly homeless children the opportunity to get off the streets and make a living for themselves.

Since 2010, it has become a shelter for people who cannot live independently or have nowhere to go, such as the mentally ill, disabled, homeless, poor elderly people, and single mothers with young children. Today, Dzegvi shelters more than 80 inhabitants.

Thanks to generous donations and contributions from partners and friends, AFG's reconstruction of the shelter was completed in the summer of 2019. Now, the new building will change the quality of life for inhabitants of the Dzegvi Community and enable it to shelter an additional 60 vulnerable children and elderly in need.

The Transfiguration Hospice and Home Care Program is the first hospice

and the only free hospice nursing school and home-care education program in Georgia. The project benefits more than 100 elderly people in need of palliative home care annually.

LOOKING BACK OVER 2019

Aside from winning several awards for their charity work, 2019 was an important year for American Friends of Georgia, as the organization launched a campaign that should serve as a foundation for many future AFG charity projects.

Dze-Georgian Project, named for the Dzegvi shelter, is the result of an extraordinarily successful partnership between AFG and the creative agency Windfor's, which saw the debut of a pseudo-fashion brand at Mercedes Benz Fashion Week, with pictures of inhabitants from the Dzegvi shelter modeling their everyday attire and posing in their natural environment.

The partnership aims to promote philanthropy through fashion, and to urge society to focus on several social

problems that often go unnoticed. The campaign won several important awards, including the grand prize and several gold, silver and bronze awards at AD Black Sea 2019, an international advertising festival, which attracted a lot of attention from corresponding events. They also took the gold at the EPICA awards, which is the only creative prize awarded by journalists working for marketing and communications magazines around the world.

In December, AFG launched the second stage of the project, attracting designers and producers operating in Georgia to the campaign by using the Dze-Georgian logo on their products and giving some of the sales proceeds to American Friends of Georgia to fund their projects.

Everyday, more and more Georgian designers and producers join the campaign, including such brands as Dalood, Zoma, Ezo, 1300 Ceramic Studio, Black Dog, Flying Painter, project ArtBeat, Giovanni Mpra, Rosebud, and Santa Esperanza, leading the Dze-Georgian Project to be one of most successful creative social campaigns ever conducted in Georgia.

PLANS FOR 2020

In 2020, American Friends of Georgia plans to continue expanding its philanthropic work, engaging and empowering youth and future generations by giving them the skills and education necessary to improve the Georgian quality of life in future generations.

AFG will continue working for vulnerable populations in Georgia, in particular, children and the elderly. Other plans include expanding the Dze-Georgian project and starting a new campaign in the US, in conjunction with students from the University of Virginia's Darden School of Business.





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AMCHAM BUSINESS ROUNDTABLE WITH FORMER NATO SUPREME ALLIED COMMANDER OF EUROPE GENERAL WESLEY CLARK



On January 10, AmCham Georgia organized a business roundtable discussion with General Wesley Clark, former NATO Supreme Allied Commander of

Europe, Commander of Operation Allied Force in the Kosovo War and a regular commentator and expert on geopolitics and security matters. General Clark

spoke about the geopolitical situation in the region, US politics and the state of the world today. Members then had an opportunity to ask questions.

LAUNCH OF CONSTRUCTION AND REAL ESTATE COMMITTEE



On December 13, AmCham Georgia held the very first meeting of the newly launched Construction and Real Estate Committee.

Due to high interest the meeting was



attended by nearly 40 representatives from member companies. Committee members expressed issues of concern and identified core topics for future discussions. The committee also decided to

create sub-committees to work on issues related to skilled labour capacity building, assurance of quality of construction and its materials, health and safety and delays with obtaining permits.

AGRIBUSINESS COMMITTEE MEETING



ON DECEMBER 13, AGRIBUSINESS COMMITTEE MET TO LISTEN TO A PRESENTATION DELIVERED BY CERTIFICATION SPECIALIST ILIA KUNCHULIA FROM THE GEORGIAN FARMER'S ASSOCIATION. MR. KUNCHULIA PRESENTED GEOGAP, AN INITIATIVE TO IMPROVE THE QUALITY OF GEORGIAN AGRICULTURAL PRODUCTS, BROADLY FOLLOWING THE FORMAT OF ONE OF THE WORLD'S LEADING FOOD CERTIFICATION SYSTEMS, GLOBAL G.A.P. GEOGAP IS SUPPORTED BY USAID'S ZRDA ACTIVITY, IMPLEMENTED BY CHEMONICS, ONE OF AMCHAM'S LONG-TIME MEMBERS.

EDUCATION AND TRAINING COMMITTEE MEETING

ON DECEMBER 12, AMCHAM GEORGIA HELD AN EDUCATION COMMITTEE MEETING AT AMCHAM'S OFFICE. GEORGIAN TECHNICAL UNIVERSITY (GTU) INTRODUCED ATTENDEES TO ITS NEW VOCATIONAL TRAINING PROJECT. SAN DIEGO STATE UNIVERSITY INTRODUCED THEIR FUTURE PLANS AND ADDITIONAL PROJECTS FOR THE NEXT YEAR. COMMITTEE MEMBERS AGREED ON TOPICS TO DISCUSS AT THE NEXT MEETING WHICH WILL BE HELD IN EARLY 2020.



AMCHAM BUSINESS ROUNDTABLE



ON DECEMBER 4, AMCHAM GEORGIA ORGANIZED A BUSINESS ROUNDTABLE AT RADISSON BLU IVERIA HOTEL. DR. ALEXANDER LEHMANN, BANKING AND FINANCIAL SECTOR EXPERT OF GERMAN ECONOMIC TEAM GEORGIA PRESENTED THE "FINANCIAL MARKET MONITOR" AND MR. DAVIT UTIASHVILI, HEAD OF THE FINANCIAL STABILITY DEPARTMENT OF THE NATIONAL BANK OF GEORGIA PRESENTED THE FINANCIAL STABILITY REPORT. THE PRESENTATIONS WERE FOLLOWED BY A DYNAMIC Q+A SESSION BETWEEN AMCHAM MEMBERS AND INVITED SPEAKERS.

AMCHAM BUSINESS ROUNDTABLE ON THE GEORGIAN FILM INDUSTRY AND FILM IN GEORGIA

ON NOVEMBER 29, AMCHAM ORGANIZED A BUSINESS ROUNDTABLE ON THE STATE OF AND DEVELOPMENTS IN THE GEORGIAN FILM INDUSTRY. TOPICS OF DISCUSSION INCLUDED THE PAST OF GEORGIAN FILM MAKING, CURRENT DEVELOPMENTS IN THE INDUSTRY AND FUTURE PLANS. FILM IN GEORGIA'S TATIA BIDZINASHVILI TALKED ABOUT THE SUCCESS OF THE COUNTRY'S CASH REBATE PROGRAM IN ATTRACTING FOREIGN PRODUCTIONS, WHILE FILM COMMISSIONER DAVID VASHADZE SPOKE ABOUT THE RECOGNITION OF GEORGIAN FILMS AT FESTIVALS ABROAD.





Alta Corp A

Alta is one of the biggest consumer and home appliance distributors in Georgia, with two self-owned big retail chains (LLC Alta Retail and LLC Metromart), dealer network, aftersales service and strong corporate sales team. Official partners include:

- Samsung, Huawei, Alcatel, TCL, Whirlpool (official distributor);
- Honor (official exclusive distributor)
- Xiaomi (distributor)
- Apple (exclusive premium reseller and authorized reseller in retail and wholesale)

Within the scope of its business activities Alta has more than 400 suppliers, more than 900 brands, over 300 employees. Number of consumers exceeds 600,000.

alta.ge



Akustiko Corp B

Akustiko was founded in 2014. Since its inception the main goal of the company's founders and the team as a whole has been to make a significant contribution to the development of country's acoustic and sound insulation market. Leading specialists of the company constantly participate in international conferences and trainings in the field of sound insulation and internal acoustics. The company has also been the host of numerous acoustics conferences. The project team has full competence in this field and most importantly a lot of practical experience.

The company qualifies in the following directions:

- In-house acoustic projecting, acoustic measurement, acoustic design and consulting;
- Sound insulation between spaces, sound insulation measurement, projecting and consulting;
- Vibration insulation, projecting and insulation of technical equipment;
- External noise insulation, noise measurement and research, projecting and consulting;
- Acoustic 3D modeling and design of professional spaces, acoustic measuring works, projecting and consulting;
- Professional voice systems, background (BGM) and evacuation sound systems, conference systems, show lighting system and stage mechanization – design and system integration / installation work.

akustiko.ge



Business Legal Bureau (BLB) Corp B

For more than 20 years, the Business Legal Bureau (BLB) has been one of the most widely recognized legal names in Georgia making it the oldest local law firm specializing in all areas of business law. Among the clients of BLB are major local and international companies, financial institutions and wealthy individual investors involved in large cross-border transactions and investment projects.

Clients of BLB benefit by receiving personal and unparalleled services directly from Partners, who take the lead and continue to be actively involved in every stage of the transaction while supported by highly qualified Associates. BLB's primary goal is to be the law firm of choice for clients with respect to their most significant business transactions, their most challenging legal issues, and the most critical disputes they face.

BLB has a long-standing association with the UK law Firm Tulloch & Co, Solicitors, London, that enables our team to advise clients on international business transactions as governed by UK law.

blb.ge



GlovoApp Georgia LLC Corp B

Glovo is transforming the way consumers access local goods, enabling anyone to get almost any product delivered in minutes. The digital platform connects consumers with independent local couriers, who acquire goods from any restaurant or store in the city.

Mission: Anything you want. Delivered in minutes.

glovo.ge



Lisi Development Corp B

Lisi Development is the first development company in Georgia, which is carrying out the urbanization of 355 hectares of land around the Lisi Lake territory. The company was founded in 2010 and since then has been working to develop large-scale projects such as Lisi Green Town in Tbilisi, Kokhta-Mitarbi Resort in Borjomi Municipality and Buknari Resort on the Black Sea Coast. The aim of the projects is to create not only modern living style and refined architectural complex but also to establish brand new environment for ecological and healthy way of living in Georgia.

Since the foundation, Lisi Development introduced an innovative principle of 80/20, which implies using only 20% of the territory for the residential part, and the remaining 80% for creating recreational zones and additional infrastructure. Over 100 million dollars invested since 2011, hundreds of employees and a popular recreation and residential zones - are today's achievements of Lisi Development.

lisi.ge

Mr. Rajapaska, Waruna Individual

An independent senior finance professional based in Georgia and Sri Lanka, with over 30 years of experience primarily in, project/infrastructure finance advisory and Public Private Partnerships (PPPs) in large scale infrastructure, working both for Government (Public sector) and the private sector across Power & Energy, Ports, and Oil & Gas sectors. Also has extensive experience in management consultancy and privatizations working at Ernst & Young. Hands on experience in managing operations of complex integrated construction projects as member of Employer's representative team. Experienced procurement and strategic sourcing specialist and proficient in the conduct of business process and organizational reviews.



MAC Georgia NP

MAC Georgia, a local nonprofit organization, has one goal: to transform the lives of Georgia's most vulnerable by providing the resources and services they need to maximize their potential. Throughout the country, MAC increases local skills and knowledge, expands access to information and resources, and extends hope and opportunity to those who need it most. Each year, disability programming equips thousands of teachers, parents, and service providers with the skills and knowledge necessary to help those in their care. The wheelchair and assistive technology initiative assists children with disabilities to obtain equipment that is right for them and that lets them live more actively and independently. MAC parent support programming establishes regional resource centers where parents and families get accurate, up-to-date information about disabilities, their rights, and the services that are available locally and nationally. MAC's impact extends beyond disabilities, however. The regional education program works closely with rural schools and encourages hundreds of at-risk village youths to be more active and engaged in extracurricular activities such as leadership camps, English language clubs, and theater programs. MAC believes that success begins with education, and we back that belief with action. Eighty-five students from across Georgia are attending university this year because of a MAC scholarship. Each of these students now has a chance to fulfill her/his potential as a future community leader. Through all of these and more, MAC work exemplifies the beliefs. For those with a disability, MAC's work inspires a new and more actively independent way of living that reaches beyond family and community; for young people, MAC's help inspires new and expanding futures that influence both community and country. MAC's work changes lives - today and for generations to come.

macgeorgia.org

AmCham Company Members as of February 2020

PATRON MEMBERS

BP Exploration Georgia

24, S. Tsintsadze St.
Tel: 2593400
www.bpgeorgia.ge

KPMG Georgia LLC

5th Floor, GMT Plaza,
4 Freedom Sq., 0105
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
Tel: 2220211; Fax: 2220206
www.ugt.ge

CORPORATE A MEMBERS

Adjara Group Hospitality

1, 26 May Sq., 0179
Tel: 2300099
www.adjaragroup.com

Alliance LLC

135 King Parnavaz St., Batumi
Tel: 591555757
www.alliancegroup.ge

Alliance Group Holding, JSC

47/57 M. Kostava St., 0179
Tel: 2424181; Fax: 2998112
www.agh.ge

Alta LLC

Beliashvili st. 104, 0159
Tel: 2510111
www.alta.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

Best Western Hotel Tbilisi

11 Apakidze St.
Tel: 2300777
www.bestwesterntbilisi.ge

Best Western Hotel Tbilisi City Center

92 Barnov St.
Tel: 227070
www.bwtbiliscitycenter.ge

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

Capitol HPS / Best Western Hotels & Resorts - Area Developer in Georgia

2nd floor, 70b, Vazha-Pshavela Ave.,
0186
Tel: 2197835
www.capitolhps.com

Caucasus University

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

Chemonics International

9 N.Ramishvili St, 1st Dead End, 0179
Tel: 2227495
www.chemonics.com

CleanTech Ltd.

5 Avlip Zurabashvili St., 0144
Tel: 595608778
www.zoma.ge

Coca-Cola Company

114 Tsereteli Ave.
Tel: 2941699, 2942609
www.coca-cola.com

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

11 Giorgi Saakadze Descend
Tel: 595690008
www.ca.international

Cushman & Wakefield Georgia

4th Floor, 34 I. Chavchavadze Ave.
0179
Tel: 2474849
www.cushmanwakefield.ge

DAI Global (Implementer of the USAID Economic Security)

7th Floor, 34 I. Chavchavadze Ave.
0179
Tel: 577465059
www.dai.com

Dasta Records Management

15 Grigol Lortkipanidze St.
Tel: 2900112
www.drm.ge

Deloitte

King David Business Center
15th floor, 12 Merab Aleksidze St.
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

Dressler Consulting

1664 De Mott Court/ Merrick
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Tel: +1-5169081444
www.dresslerconsulting.com

EY LLC

44 Kote Abkhazi St.
Tel: 2439375; Fax: 2439376
www.ge.ey.com

F H Bertling Georgia Ltd.

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

FINCA Bank Georgia

71 Vazha-Pshavela Ave. 3rd fl.
Tel: 2244949
www.finca.ge

Gazelle Finance Georgia LLC

Tatishvili st. 3/5 (Melikishvili Ave.
Aword Business Center, 7th floor)
Tel: 2904304
www.gazellefinance.com

General Electric

5th Floor, Pixel Building,
34 Chavchavadze Ave.
Tel: 2259516 / 2259505
www.ge.com

Geomedica Ltd.

12 First Lane, N.Bokhua St, 0131
Tel: 2520035
www.geomedica.ge

Georgian American University

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

Georgian Wine

Tel: 595001889

GMT Group

4 Freedom Square
Tel: 2988988; Fax: 2988910
www.gmt.ge

Gosselin Mobility Georgia

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

Grant Thornton LLC

54 Ketevan Tsamebuli Ave.
Tel: 2604406
www.grantthornton.ge

Greco Group

1 Nutsubidze St.
Tel: 2393138; Fax: 2311107
www.greco.ge

GT Group

48 B. Cholokashvili St.
Tel: 2740740
www.gtgroup.ge

GULF Georgia by Sun Petroleum Georgia LLC

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

Hertz Georgia

1 Rose Revolution Sq. Hotel
Radisson Blue Iveria, G-floor
Tel: 2723530
www.hertz.com.ge

Hilton Batumi

13 Takaishvili St., Batumi
Tel: 292092
www.hilton.com

Hilton Garden Inn Tbilisi Chavchavadze

64a, Chavchavadze Ave.
Tel: 2252020
www.hilton.com

Iberia Refreshments, JSC

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

ICE Ltd.

Chavchavadze Ave. #33b
Tel: 2990172
www.ice.com.ge

IT Consulting Georgia LLC

Irakli Abashidze 36-34, Terminal
Gate 13
Tel: 599231313
www.spotcoin.net

Kavkaz Cement JSC

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

■ Le Meridien Batumi

Intersection of Ninoshvili/Zghenti Streets, Batumi
Tel: 422 299090
www.lemeridien.com

■ Maersk Georgia LLC

12 Aleksidze St., King David Business Centre, fl. 5
Tel: 248 66 81
https://www.maersk.com/local-information/georgia

■ Marriott Hotels, Resorts & Suites

13 Rustaveli Ave.
Tel: 2779200; Fax: 2779210
www.marriott.com

■ Mars LLC Representative Office in Georgia

71 V. Pshavela Ave; "BCV", 0186
Tel: 2207507
www.mars.com

■ Mastercard

2 Leonidze St. /1 G.Tabidze St., Premises No.315, Floor 4
Tel: 2900815
www.mastercard.com

■ Meridian Express

15-17 Ketevan Tsamebuli Ave.0103
Tel: 2745188
www.ups.com

■ Microsoft Georgia LLC

34 Chavchavadze Ave.
Tel: 2970123
www.microsoft.com

■ M² Real Estate JSC

29 Chavchavadze Ave.
Tel: 2444111
www.m2.ge

■ Office Technologies-Steelcase Dealership

4 Freedom Sq., 0105
Tel: 2999980, 2688229
www.officetechnologies.ge

■ Oracle Nederland B.V.

Representative office
Kievskoe Shosse, 22nd km, bld 6/1,10881, Moscow, Russia
Tel: +74956411400
www.oracle.com

■ Orient Logic Ltd.

8 Beliashvili St.
Tel: 2541818
www.orient-logic.ge

■ Pace International LLC

Abuladze st. First Lane 8, 0162
Tel: 2914701
www.pace.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

■ ProCredit Bank

154 Agmashenebeli Ave.
Tel: 2202222; Fax: 2202222-2226
www.procreditbank.ge

■ Radisson BLU Iveria Hotel

1 Rose Revolution Sq.
Tel: 2402200; Fax: 2402201
www.radissonblu.com

■ RE/MAX Capital

43 Irakli Abashidze St.
Tel: 2222424
www.remax-georgia.ge

■ School of Tomorrow LLC

21, Petre Kavtaradze St.
Tel: 2233199
hwww.st.edu.ge

■ Sheraton Grand Tbilisi Metechi Palace Hotel

20 Telavi St.
Tel: 2772020; Fax: 2772120
www.sheraton.com/tbilisi

■ SICPA Security Solutions Georgia

79 Chargali St., 0178
Tel: 2434580
www.sicpa.com

■ Simetria LLC

70b, Vazha-Pshavela Ave.
Tel: 2420692
www.simetria.ge

■ Strada Motors/JEEP-Chrysler

191 Ak. Beliashvili St.
Tel: 23073007
www.strada.ge

■ T&K Restaurants (McDonald's Georgia)

1 Dzmebi Kakabadze St.
Tel: 2921246; Fax: 2251422
www.mcdonalds.ge

■ TBC Group

7 Marjanishvili St.
Tel: 2272727; Fax: 2228503
www.tbc.com.ge

■ TMC Global Professional Services

6001 Indian School Road NE, Suite 190, Albuquerque, NM 87110, USA
Tel: (1 505) 8723146
www.tmcservices.com

■ Visa International Service Association

900 Metro Center Boulevard, Foster City, CA 94404, USA
Tel: 599374877
www.visa.com

■ Willis Towers Watson Ltd.

17 M. Lebanidze St.
Tel: 2905509
www.willis.com

CORPORATE B MEMBERS

■ AE Solar LLC

88 Avtomshenebeli St. (Hualing Kutaisi Free Industrial Zone), Kutaisi
Tel: 2300099
www.ae-solar.com

■ Air Astana Airlines JSC

5th Floor, Pixel Business Center, 34 Chavchavadze Ave.
Tel: 2514999
www.airastana.com

■ Akustiko

93 Shalva Nutsidze st.
Tel: 568299559
www.akustiko.ge

■ APM Terminals Poti

52 Aghmashenebeli St., Poti
Tel: 0493 277777
www.apmterminals.com

■ Aversi Pharma

148/2 Aghmashenebeli Ave.
Tel: 2987860
www.aversi.ge

■ Baker Tilly Georgia Ltd.

Meidan Palace, 44 Kote Abkhazi St.
Tel: 2505353; Fax: 2505353
www.bakertillyinternational.com

■ Bank of Georgia

3 Pushkin St.
Tel: 2444134; Fax: 2983269
www.bog.com.ge

■ Basis Bank JSC

1 Ketevan Tsamebuli Ave.
Tel: 2922922; Fax: 2986548
www.basisbank.ge

■ Batumi International Container Terminal

11, Baku Street, 6010, Batumi
Tel: 422 276452
www.bict.ge

■ BDO LLC

2 Tarkhnishvili Str.
Vere Business Centre, 0179
Tel: 2545845; Fax: 2399204
www.bdo.ge

■ BGI Legal

18 Rustaveli Ave., II floor
Tel: 2470747
www.bgi.ge

■ Biltmore Hotel Tbilisi

29 Rustaveli Ave.
Tel: 2727272
http://www.millenniumhotels.com/en/tbilisi/the-biltmore-hotel-tbilisi/

■ BLB Law Firm Business Legal Bureau

5/18 K.Marjanishvili St., II building, II Floor, 0102
Tel: 2999755
www.blb.ge

■ BLC Law Office

129a D. Agmashenebeli Ave., 0102
Tel: 2922491; Fax: 2934526
www.blc.ge

■ BMC Gorgia

140 Tsereteli Ave.
Tel: 2960960
www.gorgia.ge

■ CaspiGroup Ltd.

29 Bochora St.
Tel: 2550818
www.caspigroup.com

■ Caucasus Online LLC

71 Vazha-Pshavela Ave.
Tel: 2000022
www.co.ge

■ CaucasTransExpress Ltd.

10a Tashkent St.
Tel: 22375716
www.cte.ge

■ Channel Energy (Poti) Limited Georgia LLC, By Petrocas Energy Group

52, David Agmashenebeli St., Poti
Tel: (995493) 2-7-08-60
www.petrocasenergy.com

■ Château Mukhrani, J.S.C.

Sangebros St.
Tel: 2201878; Fax: 2201878;
www.mukhrani.com

■ Conse

3 Akaki Khorava St.
Tel: 599994978
www.conse.ge

■ CMC LLC

4 Besiki St.
Tel: 2240717
www.cmc.ge

■ Crowne Plaza Borjomi

Baratashvili Str. 9, 1200 Borjomi
Tel: 995 367 220260
www.cpborejomi.com

■ Crystal, MFO JSC

72 Tamar Mepe St. Kutaisi, 4600
Tel: 431253343
www.crystal.ge

AmCham Company Members as of February 2020

■ Dio Ltd.

12th Km David Agmashenebeli Alley
N3, Parsadani St.
Tel: 2361112
www.dio.ge

■ Domson's Engineering

8a Sanapiro St.
Tel: 2050303
www.domsons.com

■ Dorche Branch Prefabrik Iapi Ve

Inshaat Sanai Tijaret JSC
026/13 Ilia Chavchavadze Ave.
Tel: 593472419
www.dorce.com.tr

■ Duty Free Georgia

3rd floor, 4 Besiki St.,
Besiki Business Center
Tel: 2430150
www.dfg.ge

■ Efes Brewery in Georgia -

Lomisi JSC
Village Natakhtari, Mtskheta Region
Tel: 2357225
www.natakhtari.ge

■ Element Construction Ltd.

13 S.Mgaloblishvili St.
Tel: 2374737
www.ec.ge

■ ExpoGeorgia JSC

118 Tsereteli Ave., 0119
Tel: 2341100
www.expogeorgia.ge

■ Fircroft Engineering Services Limited Branch Office

Block 2, Level 2, BCV Business
Center, 71 Vazha-Pshavela Ave.
Tel: 2900875
www.fircroft.com

■ Foresight Investment Group

Office 204, 4 Besiki St., 0108
Tel: 595 559966

■ Gebrüder Weiss LLC

Airport Adjacent Territory,
Kakheti Hwy
Tel: 2710011
www.gw-world.com

■ GeoEngineering LLC

15a Tamarashvili St.
Tel: 2311788; Fax: 2311787
www.geoengineering.ge

■ Geomill LLC

4, Chirnakhuli St.
Tel: 2400000
www.geomill.ge

■ Georgian Airways

12 Rustaveli Ave.
Tel: 2999730; Fax: 2999660
www.georgian-airways.com

■ Georgian Beer Company

3311 Saguramo, Mtskheta District
Tel: 2437770
www.geobeer.ge

■ Georgian Express

105, Tsereteli Avenue, 0119
Tel: 2696060
www.dhl.com

■ Georgian Hospitality Group

22 Peritsvaleba St., 0103
Tel: 2987789
www.ghg.ge

■ Georgian Industrial Group LLC

GIG Plaza, 14 Gazapkhuli St., 0177
Tel: 2210187
www.gig.ge

■ Georgian Integrated Systems (GiS)

Office 1, 85 Abashidze St., 0163
Tel: 2243724
www.gis.ge

■ Georgian Telecommunication

12 S. Tsintsadze St.
Tel: 577693923
www.getel.ge

■ Geo Steel LLC

36 Davit Gareji St., Rustavi, 3700
Tel: 2243794
www.geosteel.com.ge

■ Globalink Logistics LLC

60 Sh. Nutsudidze St., 0186
Tel: 2000238, 2208147
www.globalinkllc.com

■ Gloria LLC (Tiflis Palace)

3 Gorgasali St., 0105
Tel: 2000245
www.tiflispalace.ge

■ GlovoApp Georgia

5 Mikheil Asatiani St., Floor 6
www.glovo.ge

■ GM Capital LLC

2 Tarkhnishvili St., 0179
Tel: 2912626
www.gmcapital.ge

■ GMC Motors

12km, Kakheti Highway, 0109
Tel: 2921319
www.eg.ge

■ Gvinadze & Partners LLC

44 Kote Abkhazi St, 0105
Tel: 2438970, Fax: 2438971
www.gvinadzeandpartners.ge

■ HeidelbergCement Georgia

21 Al.Kazbegi Ave.
Tel: 2474747
www.heidelbergcement.ge

■ Herbalife Nutrition

Bld. 4a Tamarashvili St., 0116
Tel: 2202929
www.herbalife.com

■ Hualing International Special Economic Zone

25 Apt. 34/36 Kobuleti St.
Tel: 591005900
www.hualing.cn

■ Hydrolea LLC

Floor 4, 29 Chavchavadze Ave.
Tel: 2290003
www.hydrolea.com

■ ICS Ltd. TNT Agent in Georgia

25 Agmashenebeli Ave.
Tel: 2910220
www.tnt.ge

■ Insta

8, Zakariadze St., 0177
Tel: 2202020
www.insta.ge

■ Interco Travel Group

117 I. Abashidze St., 0179
Tel: 2294343
www.interco.travel

■ International Black Sea University

David Agmashenebeli Alley 13 km,
2, 0131
Tel: 2595005
www.ibsu.edu.ge

■ Isbank Georgia JSC

140/B Agmashenebeli Ave., 0102
Tel: 2310515
www.isbank.ge

■ JTI Caucasus

VII Floor, Pixel Business Center,
34 Chavchavadze Ave.
Tel: 2604111
www.jti.com

■ KK & Partners

Office 6, 33 Nino Ramishvili St.
Tel: 2432227
kkpartners.ge

■ Kockablo

10 Chirnakhuli St., Saknavtobi
Settlement, 0151

■ Kordzhia, Jgenti Law Firm

10 Petriashvili St.
Tel: 2921878
www.kjlaw.ge

■ Legal Partners Associated LLC

Office #203, Besiki Business Center,
4 Besiki St. 0108
Tel: 2200203; Fax: 2250458
www.lpa.ge

■ Liberty Bank JSC

74 Chavchavadze Ave.
Tel: 2555500; Fax: 2912269
www.libertybank.ge

■ Lisi Development

2 Tiripebi St. 0159
Tel: 2002727
www.lisi.ge

■ Luca Polare

54 Oniashvili St.
Tel: 2990399
www.lucapolare.com

■ M & M - Militzer & Munch Georgia

39 Ketevan Tsamebuli Ave.
Tel: 2748240, 2748941
http://ge.mumnet.com

■ Maqro Construction

22 Panjikidze St.
Tel: 2000909
www.maqro.ge

■ Maqro Food "Dinehall"

28 Rustaveli Ave.
Tel: 2001616
www.dinehall.ge

■ Mercure Tbilisi Old Town

9 Gorgasali St., Old Tbilisi, 0105
Tel: 2006060
www.mercure.com

■ MG Law Office LLC

7th floor, Pixel building,
34 Chavchavadze Ave., 0179
Tel: 2206633
www.mglaw.ge

■ Mira Hotels Ltd.

Brose Street Turn, Old Tbilisi
Tel: 2242244/55/88
www.riverside.ge

■ MKD Law

36, K. Khetagurovi St. 0102
Tel: 2553880
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■ **Mosmieri LLC**
4, Besiki St., 4.04 0108
Tel: 2970420
www.mosmieri.ge

■ **Murphy Kazbegi**
Office 14, Mari Brose St. 2
Tel: 2007107
www.murphyshipping.com

■ **MyGPS**
6 Bokhua St., 0159
Tel: 2180180
www.mygps.ge

■ **NCC Ltd.**
9, Erekle II turn
Tel: 2725088
www.ensisi.ge

■ **Nexia TA**
4th Floor, 19 David Gamreli St.,
0160
Tel: 2242559
www.nexia.ge

■ **Nodia, Urumashvili & Partners**
Office #28, IV Block,
71 Vazha-Pshavela Ave.
Tel: 2207407
www.nplaw.ge

■ **Nutrimax Ltd.**
68a Rustavi Highway, 0165
Tel: 2305335
www.nutrimax.ge

■ **Paine Stevens LLC**
1 Ivane Javakishvili Sqr.
Tel: 2903211, Fax: 2903291
www.painestevens.com

■ **PASHA Bank Georgia JSC**
2 Leonidze St. / 1 G. Tabidze St.
Tel: 2265000
www.pashabank.ge

■ **Policy and Management Consulting Group (PMCG)**
61 Aghmashenebeli Ave, 4th floor
Tel: 2921171
www.pmcg.ge

■ **Publicis Ltd.**
17 V. Jorbenadze St.
Tel: 2745672; Fax: 2745671
www.publicis.ge

■ **Qebuli Climate**
101, Tsereteli Ave.
Tel: 2356201
www.qebuli.ge

■ **Rakeen Development LLC**
Pixel Business Center,
34 Chavchavadze Ave.
Tel: 2933393; Fax: 2933993
www.rakeen.ge

■ **Rentals LLC**
46 Rustaveli Ave.; 36 Griboedov St.
Tel: 2454567 / 2996412
www.rentals.ge

■ **Resolution Insurance Brokers, Georgia LLC**
61, Gorgasali St.
Tel: 2936305
www.rib.ge

■ **Rooms Hotel**
14 Merab Kostava St.
Tel: 2020099, 2730099
www.roomshotels.com

■ **RSM Georgia LLC**
85 Paliashvili St., 0162
Tel: 2558899
www.rsm.ge

■ **Savvy**
1st Pavilion, Expo Georgia, 118
Tsereteli Ave.,
Tel: 2421342;
www.savvy.ge

■ **Silknet Ltd.**
95 Tsinaridzgvishvili St.
Tel: 2910345;
www.silknet.com

■ **SRG Investments LLC**
49a Chavchavadze Ave, 3rd floor
Tel: 2253581
www.silkroad.ge

■ **T3Concept Ltd.**
13 Radiani St., 0179
Tel: 2434455
www.turner.com, www.t3concept.ge

■ **TBC Leasing JSC**
8 Bulachauri St., 0161
Tel: 2272727
www.tbcleasing.ge

■ **Tbilisi View**
4a, Freedom Sq.
Tel: 2999980
www.tbilisiview.ge

■ **Terabank JSC**
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Tel: 2507700
www.terabank.ge

■ **Terma JSC**
Floor 1, 10 Budapest St.
Tel: 599554794
www.terma.ge

■ **Terrace Hotel & Restaurant**
7 Polikarpe Kakabadze St.
Tel: 2999001
www.theterracetbilisi.com

■ **Theco Ltd.**
16 Chikovani St.
Tel: 592107515
www.tbilisia.ru

■ **Transporter LLC**
113b Bellashvili st.
Tel: 2147171
http://www.transporter.com.ge

■ **University of Georgia**
77a Kostava St.
Tel: 2552222
www.ug.edu.ge

■ **VBAT Law Firm**
Office 11, 1 G. Nishnianidze St.
Tel: 2305777
www.vbat.ge

■ **Vinotel ("Aigvinissakhli") LLC**
4 Elene Akhvediani Ascent
Tel: 2555888
www.vinotel.ge

■ **Wings and Freeman Capital**
Green Building, 6, Marjanishvili St.
Tel: 2940051; Fax: 2940053
www.wfcapital.ge

■ **Wissol Georgia**
74b Chavchavadze Ave.
Tel: 2915315; Fax: 2915615
www.wissol.ge

■ **Zarapxana LLC**
15 Lubliana St.
Tel: 2510001
www.zarapxana.ge

NON-PROFIT ORGANIZATIONS

■ **Agricultural University of Georgia**
140 David Aghmashenebeli Alley
Tel: 2594901
www.agruni.edu.ge

■ **American Friends of Georgia**
77 Nutsbidze St.
Tel: 2397174; Fax: 2388495
www.afgeorgia.org

■ **CENN**
27 Betlemi St., 0105
Tel: 2751903
www.cenn.org

■ **(CiDA) Civil Development Agency**
9/1 Pirosmiani St., Rustavi, 3700
Tel: 341258822
www.cida.ge

■ **Eastern European Centre for Multiparty Democracy (EECMD)**
7 Luarsab Sharashidze St.
Tel: 2915650
www.eecmd.org

■ **Europe Foundation**
3 Kavsadze St.
Tel: 2253942; Fax 2252763 (ext. 112)
www.epfound.ge

■ **Free University of Tbilisi**
140 David Aghmashenebeli Alley
Tel: 2200901
www.freeuni.edu.ge

■ **Georgia Red Cross Society**
15 J. Kakhidze St.
Tel: 2961092
www.redcross.ge

■ **Georgian Retailers Association**
13b Lubliana St.
555 373733
www.facebook.com/
GeorgianRetailersAssociation

■ **Georgian Waste Management Association**
36 Mnatobi St.
Tel: 599 224070
www.facebook.com/wmageorgia

■ **Good Governance Initiative**
Pixel Center, 8th Floor, 34,
Chavchavadze Ave.
Tel: 2243111
www.ggi.ge

■ **MAC Georgia**
3 Lado Kavsadze St, 2nd Floor
Tel: 2197378
www.macgeorgia.org

■ **QSI International School of Georgia**
Village Zurgovani, Tbilisi
Tel: 2537670; Fax: 2322607
www.qsi.org

■ **San Diego State University - Georgia**
5 Kostava St. 0108
Tel: 2311611
www.georgia.sdsu.edu

■ **Transparency International Georgia**
61 Aghmashenebeli Ave. 0102
Tel: 2932129
www.transparency.ge

■ **Union of Business Ladies**
8 D. Gamreli St., 0194
Tel: 2308661
www.ubl.ge

BACK TO BUSINESS COCKTAIL RECEPTION

ON JANUARY 17, AMCHAM GEORGIA HOSTED A BACK TO BUSINESS COCKTAIL RECEPTION FOR AMCHAM MEMBERS AT TIFFANY BAR & TERRACE. AMCHAM PRESIDENT, MICHAEL COWGILL GREETED GUESTS AND THANKED TIFFANY BAR & TERRACE FOR HOSTING THE RECEPTION. MR. COWGILL INFORMED GUESTS ABOUT AMCHAM'S UPCOMING EVENTS. THE RECEPTION WAS ATTENDED BY AMCHAM MEMBERS, FRIENDS AND HEAD OF FOREIGN DIPLOMATIC REPRESENTATIONS. MEMBERS USED THE OPPORTUNITY TO RECONNECT WITH EACH OTHER AFTER THE LONG HOLIDAY SEASON.





ON DECEMBER 13, AMCHAM GEORGIA HOSTED A MEMBERS APPRECIATION HOLIDAY RECEPTION AND NETWORKING EVENT AT TBILISI MARRIOTT. "IT'S BEEN A WONDERFUL YEAR FOR AMCHAM WITH MORE EVENTS AND MORE INITIATIVES", AMCHAM PRESIDENT MICHAEL COWGILL SAID WHILE GREETING GUESTS AND BRIEFLY HIGHLIGHTED THE ACHIEVEMENTS AND CHALLENGES OF THE PAST YEAR. GUESTS WERE WELCOME TO ENJOY MULLED WINE, COCKTAILS AND GEORGIAN WINE ALONG WITH DELICIOUS HOLIDAY FOOD AND DESSERTS. MEMBERS USED THE OPPORTUNITY TO RECONNECT WITH FRIENDS AND COLLEAGUES.



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