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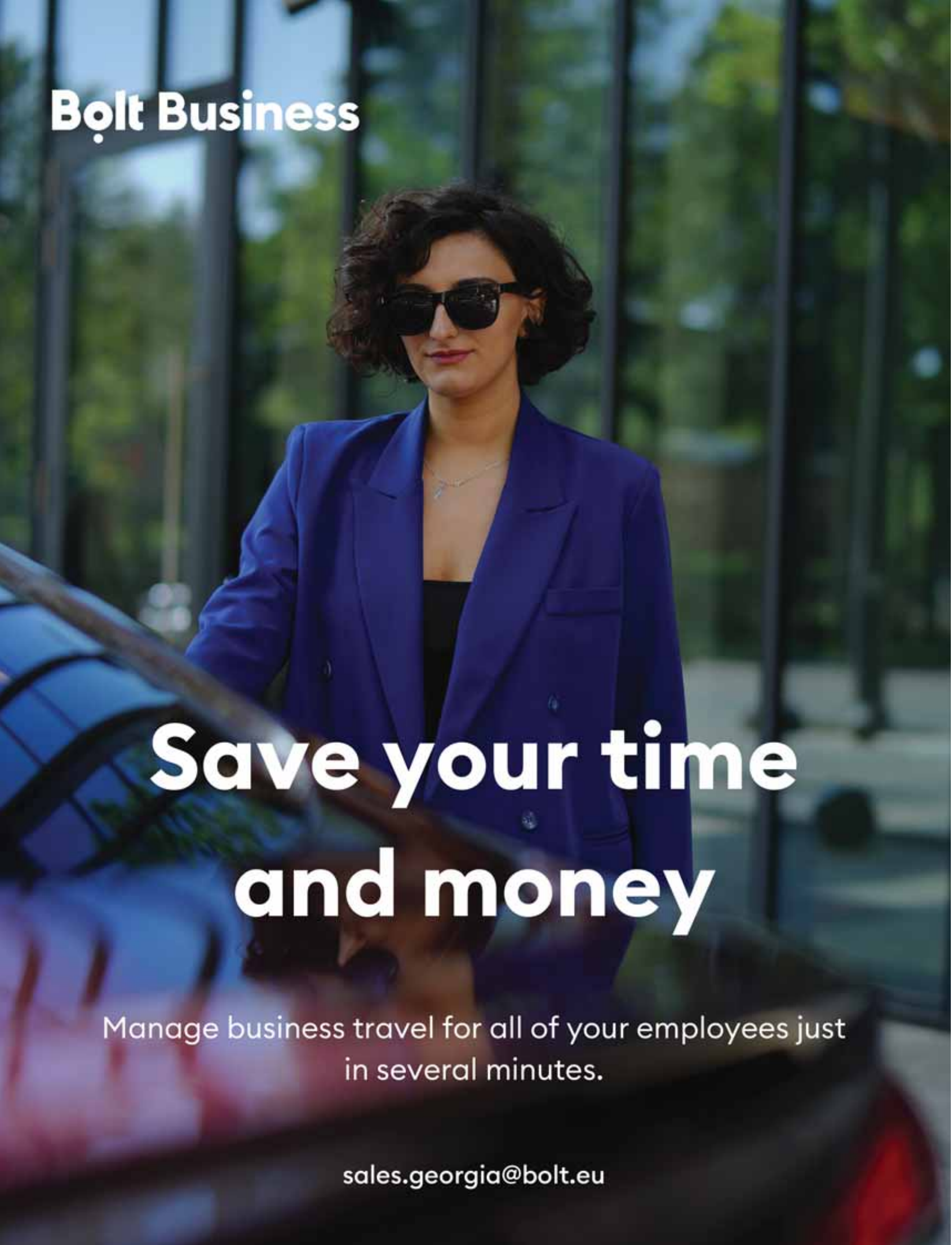
Georgia welcomes new U.S. Ambassador Robin Dunnigan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Investment News

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.

Government raises GDP growth forecast to 6.5%, increases 2024 budget by $190 million

Georgian Prime Minister Irakli Garibashvili on September 15 said the government had raised its growth forecast for 2023 from 5% to 6.5%, and was accordingly increasing the annual state budget by ₾500 million ($190 million). The PM added that government debt had gone down from 60% of GDP two years ago to around 38%, while reserves had reached "an all-time high" of over $5.5 billion. This announcement comes after Georgia reported 7.2% GDP growth in the first seven months of 2023.

Money transfers to Georgia down 14.1% YoY in August

Georgia received $287 million from abroad in August 2023, which is 14.1% less than in August 2022, the National Bank of Georgia announced in mid-September. The largest sender of remittances to Georgia by volume was Russia, with $60.3 million – a decrease of 46% YoY. Italy, with the second largest source of money transfers at $45 million, was up 23% YoY. This follows a 0.8% annual decrease in money transfers in July, with Russia ($73.82 million), Italy ($45.34 million) and the United States ($40.03 million) coming in as the largest remittance senders.

Central bank reduces interest rate to 10%

The Monetary Policy Committee of the National Bank of Georgia (NBG) reduced the key refinancing rate by 0.25 points to 10% on September 13, citing a downward trajectory of inflation as the reason for the reduction. It noted in its decision that "prices of raw food commodities on international markets have decreased, and international shipping costs have approached almost pre-pandemic levels. These, alongside with the appreciation of GEL, have reduced imported goods prices in Georgia," adding that "tight monetary policy and low inflation expectations are also contributing significantly to the decline in inflation."

The central bank added that inflation was expected to remain below the target level of 3% for the remainder of 2023 before stabilizing around that point for the medium term. It also cautioned that "despite these positive trends, inflation risks remain high" with the current regional geopolitical situation "increasing the uncertainty of commodities markets" and noted that "inflationary pressures, along with external risks, and domestic economic trends" remain "noteworthy." For these reasons, the NBG signaled that it intends to continue a gradual loosening of monetary policy at a "cautious pace," with its next meeting scheduled for October 25, 2023.

Unemployment down 1.4% in Q2

The unemployment rate in Georgia was down 1.4% YoY in the second quarter of 2023 and equaled 16.7%, data released by Geostat in mid-August shows. The statistics office says the number of hired employees had increased by 5.6% and numbered 916,700 while the number of self-employed persons had increased by

2.2% to 410,200.

Unemployment during Q2 decreased by 5.2%, or 266,900, Geostat noted. The share of the labor force in the total population aged 15 and older increased by 1.6 % YoY to 53.2%, while the employment rate increased by 2.1 % and amounted to 44.3%

Georgian Economy Minister Levan Davitashvili further highlighted the "historical high" of 737,000 people employed in the domestic business sector at a government meeting on September 4. The minister also noted that the average monthly salary of employees had increased in the second quarter of 2023 by nearly 18%, amounting to ₾1,914 ($726).

Georgia, Peru sign visa-free travel agreement

Georgian Foreign Minister Ilia Darchiashvili and his Peruvian counterpart Ana Cecilia Gervasi Diaz on September 19 signed an agreement for visa-free travel between the two countries on the sidelines of the United Nations General Assembly in New York. The Georgian Ministry of Foreign Affairs said the officials discussed current issues of the "bilateral and multilateral agenda" and future prospects, emphasizing the importance of conducting "high-level visits" and deepening cooperation in politics, trade, economy, culture, and education.

Georgian government touts new energy projects, record "generation and exports"

Deputy Economy Minister of Georgia Romeo Mikautadze on September 11 said that 2023 was witnessing "record figures" in generation and exports of electricity in an address to employees of the sector near Zahesi Hydro Power Plant. He also noted that 64 HPPs had been built in Georgia since 2012 with a total installed capacity of 1,209 MW and an investment value of $1.896 billion. Mikautadze said that the ministry had signed 102 contracts since 2022 for the construction of 68 HPPs, 11 wind farms, and 23 solar power plants, adding that 13 plants had been built in the country since last year and seven more were expected to be completed by the end of this year.

Government approves 2023-2030 National Transport and Logistics Strategy, Action Plan

The Government of Georgia approved the 2023-2030 National Transport and Logistics Strategy and its 2023-2024 Action Plan, aiming to position the country as a regional logistics and transport hub, the government administration announced on August 14. The body said the document aimed to strengthen the country's logistics sector and ensure "effective" functioning of road, railway, and marine transport as well as civil aviation while increasing the competitiveness of international transport routes and further developing domestic passenger transportation. An interdepartmental commission for the development of the transport and logistics sector was also created as part of the government decree and will coordinate the implementation of the measures determined by the strategy and the corresponding action plan.

Enterprise Georgia to finance renewable energy production

Enterprise Georgia will finance projects aiming to produce electricity using renewable energy sources, the body announced on September 7. The agency, which promotes entrepreneurial activity in Georgia, said it would support projects for small hydropower plants using solar, wind, or hydro energy under .5-megawatt capacity with loans or lease.

Director Mikheil Khidureli said production and development of renewable energy was "one of the priorities" of the country and added that the initiative would benefit the growth of the sector and the state's energy future. The support comes as part of a program aiming to foster entrepreneurship, encourage start-ups and the growth of new businesses, support expansion and retooling of existing ones, and boost the competitiveness of the private sector by facilitating easier access to capital. Enterprise Georgia currently uses the platform to subsidize loan interest for the full term of loans, providing financing for the industrial sector, hotels, balneological resorts, tourist services, agritourism business, and the ecotourism industry.

China signals interest in Georgian infrastructure projects

Chinese Ambassador to Georgia Zhou Qian on September 6 spoke about the importance of the Middle Corridor, a transportation route network connecting China with Europe through the South Caucasus region, and noted that Chinese companies are "interested in all infrastructure projects" in the country and ready to become involved. Speaking to the media on the sidelines of a conference in Tbilisi for the 10th anniversary of the One Belt, One Road Initiative by the Chinese government, the diplomat stressed the diversification of logistic opportunities between China and Europe was "significant" for the implementation of the initiative, which aims to create greater trade and infrastructure links between Asia, Europe, Africa and beyond by reviving and expanding the historical routes of the Silk Road.

He noted that Chinese companies had interests in the construction of a deep-sea port in Anaklia and that the recently signed strategic partnership agreement between the governments of Georgia and China was expected to further increase the inflow of Chinese investments in Georgia and upgrade diplomatic ties to a "new level." These comments come after Georgian Prime Minister Irakli Garibashvili's July visit to China, where he highlighted "China's important role as a stable trade partner for Georgia." The Georgian PM also announced a new visa-free travel regime for Chinese citizens on September 11, citing the need for "increased tourism inflows" and "the attraction of economic investment."

Government to subsidize grape harvest with $19 million

About ₾50 million ($19 million) has been allocated to subsidize the 2023 grape harvest across Georgia, Agriculture Minister Otar Shamugia announced in mid-August. This aid, he noted, will "financially support farmers" and ensure that "not a single kilogram of grapes is left behind." Shamugia said the subsidy would set the price of one kilogram of the Rkatsiteli and Kakhuri Mtsvane varieties at 20 tetri. All enterprises that receive and process more than 100 tons of grapes will receive a subsidy of 20 tetri if they pay at least 90 tetri for 1 kilogram of grapes. "As for the grapes that cannot be processed by the private sector, of course, our state enterprise will take them and process them," Shamugia said.

Shamugia also noted that a reduced harvest was expected this year due to climate change affecting the quantity and quality of grapes.

EBRD, EU, and Sweden boost female entrepreneurship in Georgia

The European Bank for Reconstruction and Development (EBRD) has granted a $20 million loan to TBC Bank, one of Georgia's largest banks, for women-led enterprises outside of Tbilisi, the financial institution announced on September 19. The loan is part of its Women in Business program, supported by the EU and Sweden. "Building an inclusive and sustainable economy remains one of the EBRD's priorities, and women entrepreneurs are an important driver of economic growth in Georgia. With today's signing, we look forward to seeing more

female leaders bringing their business ideas to life," said EBRD Managing Director for Financial Institutions Francis Malige. The EBRD is a leading institutional investor in Georgia, with over €5 billion invested across 287 projects in the country to date.

$32 million to be spent on upgrades at Kutaisi Airport

Georgian Economy Minister Levan Davitashvili announced on September 4 that the government would spend ₾85 million ($32 million) on upgrading the infrastructure at Kutaisi International Airport in the country's west. Davitashvili said the Airport "needs to not only be perfect for passenger transportation but also to fully realize its potential," noting that the existing runway has "numerous issues."

"The renovated airport will mean that we will have the opportunity to receive all types of aircraft, both passenger and cargo," he said, adding that the project to construct a new 3.5-kilometer runway was already underway and should take 18 months to complete.

Kutaisi Airport saw record-high passenger flows in the first seven months of 2023, recording a 90% increase compared to 2019. The number of flights from the airport in July also increased by 94% compared to the same month in 2019.

August bank statistics show $17 billion loaned, deposited

Commercial banks in Georgia loaned ₾48 billion ($17.9 billion) and received deposits of ₾48 billion in August, the latest data from the National Bank of Georgia (NBG) shows. The volume of loans increased by 0.5% compared to the previous month, while the number of deposits increased by 0.6% month-on-month. In August, the volume of term deposits increased by 5.1% while on-demand deposits decreased by 2.2%, the NBG also said. Loans taken out in the national currency amounted to ₾7.7 billion ($2.86 billion), while loans in foreign currencies amounted to ₾13.4 billion ($4.97 billion).

Government to "gradually" sign contracts with winning companies of first renewable energy project auction

The Georgian government will "gradually" begin signing contracts with companies declared winners in the first auction in projects for renewable energy infrastructure in July, the Economy Ministry announced on September 16.

The ministry said that the auction results confirmed that the new scheme was successfully being implemented and is expected to generate over $2 billion in investments for Georgia's energy sector. The state body said that within the scope of the new scheme, a total of 78 applications had been submitted, adding that investors showed "high interest" in the call. A total of 27 companies were announced as winners, and their projects foresee the construction of 10 solar power plants, two wind farms, and 15 hydropower plants. ■

Design by Rooms Studio. Photo by Guram Kapanadze.

What are the prospects for Georgia's furniture sector?

There is a gap in Georgia's normally vibrant arts and crafts scene: furniture. Excellent news for furniture importers, who see their current sales rises continuing. But sad for Georgian culture, as few artists or crafts people are making the Georgian antiques and heirlooms of the future, though there are some stunning successes.

SALLY WHITE

The most notable of these are the collections by Nata Janberidze and Keti Toloraia at Rooms Studio, who also consult for Adjara Group's hotels, including on ambitious projects such as the interiors of Rooms Tbilisi, Kazbegi, and Kokhta (they designed the latter two). Their evocative, sculptural works have featured in just about every design magazine internationally, helping raise Georgia's cultural profile.

Demand for high-quality Georgian furniture is certainly not lacking either at home or abroad. Rooms Studios' medieval styles have featured on gallery websites and at art fairs around the world and sell at undisclosed (but undoubtedly high) prices in the U.S. and Europe. The contemporary fashion for fitted furniture is also being catered to by Georgian production and exported to Europe and the U.S. by several producers.

For some years now donor supporters have been active, doing their best to grow local furniture production in volume and breadth into a healthy industry. But the fact remains, as detailed in a report for USAID by the Washington-based Policy and Management Consulting Group (PMCG) and Georgia's International School of Economics at Tbilisi State University's Policy Institute (ISET), this is not working. It states: "even though there is some potential for upgrading the value

Design by Rooms Studio. Photo by Levan Maisuradze.

chain, it does not show a significant capacity for significant expansion."

Furniture production remains less than 2% of the economy, according to the latest report for Enterprise Georgia commissioned by the Commission of Foreign Affairs of Lithuania. The reasons for the absence in scale, particularly at the top end of the market, and the scarcity of collectible items, are a bit daunting.

According to the industry analysis for USAID, just about all the essentials for a creative furniture industry are missing in Georgia. That ranges from reliable sources of local high quality seasoned hardwoods, easy access to finance, skilled workers (who have migrated to higher wage countries), and especially, the vital creatives: interested artisans and artists themselves.

Maybe it is also the fault of the domination in the arts historically in Georgia of textiles, painting, and metalwork. Furniture hardly features, the most valued traditional feature of Georgian wooden household objects for seating or sleeping are the carvings.

"These challenges persist in the value chain, and no significant steps have been taken to address them," commented the USAID report, in its look at 2022's state of furniture production and its value chain. It put the import figure for furniture and furniture components in the first half of last year at nearly GEL 50 million, a rise of around a third. Turnover as a whole (mostly imports) in the value chain in that period put it at GEL 65 million, a rise of 21% compared to a year earlier.

Furnishing components seem a more vibrant business. Companies named in the reports on manufacture of semi-finished products include Madera Georgia and CRP Wood, who produce paneling. The USAID analysts also found that services and equipment producers were growing in number. Another success, although in an unusual area of this sector, is Georgian Producers, which makes pet furniture and has been exporting to the UK and EU.

Geostat statistics show that local furniture production has been increasing in recent years, with output growing from GEL 50 million in 2010 to GEL 203 million in 2018, according to comments in the EU report on a project seeking to build a Georgian furniture cluster. Then, "negative dynamics" arrested growth, including soaring wood prices, Covid's hit on the economy, and Georgians' falling spending power. Last year, efforts to build a cluster stopped.

Yet production continues to expand at some levels and installation of fitted furniture and components, at least, are growing, even if constructed with imported MDF or laminates. Since so much of the work is done by individual craftsmen or unregistered businesses, the numbers, says EU research, are hard to track accurately. Statistics from Geostat have been showing a growing level of employment (which is perhaps why it is so hard to find anyone who can fix a shelf or assemble a cabinet), no doubt due to work in the Tbilisi and Batumi apartment building boom, the new rural houses, and the increasing number of small hotels and guest houses.

Collective efforts

Wider analysis shows that Georgian artisans, encouraged by donors, have tried working in groups in order to boost the power of their marketing. One such is the Association Design Georgia, which has been operating since 2019. At the end of last year, it had 20 members, all among other things, working in furniture design – companies and individual craftspeople – and this is seeking to expand. What the association provides is help in participating in international exhibitions, and also it plans to open a donor-backed store.

Another group, the Georgian Woodworkers and Furniture Manufacturers Association, has been trying to help local manufacturers make high quality products so that they can export. However, this is extremely hard given the competition from the vast, well-established Eu- ▸▸

Rooms Studio founders Nata Janberidze and Keti Toloraia. Photo by Ana Kras.

Design by Rooms Studio. Photo by Guram Kapanadze.

ropean furniture companies and cheap production from Asia. With low levels of cooperation within the Georgia furniture sector, "the government, companies and stakeholder initiatives are often too scattered and fail to induce significant progress," comments the USAID report.

At the moment, Georgian furniture makers cannot seem to use any of the advantages given by DCFTA. One problem the report compiled for the EU mentions is that most producers are SMEs and are ill-equipped for international marketing and for meeting international regulations. Difficulty in raising small producer's games in product terms can be another problem, it says, as SMEs can be reluctant or cannot afford to work with designers. Yet, all commentators agree on solutions and government actions that would help local production, and not only in the niche, upmarket, and high end of the furniture sector.

For a start, according to the EU report, there is a huge need to train more skilled workers, then to ensure that there is affordable finance for SME producers and that high-quality hardwood is more easily obtainable. The latter is problematic because illegal logging can make domestic supply unstable, says the USAID report.

Substantial investment is needed to replace imported materials, the EU report states, although it sees the widespread availability of beechwood as offering good potential. The production of veneered beechwood panels it considers as having "good potential" for Georgia, and "potentially generating vast employment opportunities in the country," aiming for both local consumption and for export.

Further development in online sales development is another USAID report recommendation, having found that one company, LTD Conibe, is selling around 90% of its production this way.

Yet the crux of success, and a millennium-old challenge for artists and craftspeople, is to find a strong stake-holder or backer. As the USAID report comments, the Georgian furniture value chain "lacks strong stakeholders with the will and resources to undertake needed actions."

Rooms Studio

These factors have been major elements in the success of Rooms Studios – their strong and long relations with

Design by Rooms Studio. Photo by Guram Kapanadze.

Design by Rooms Studio. Photo by David Meskhi.

the Adjara Group, and a steady stream of commissions. Plus, the Rooms Studios duo have a great sense of theater, which is of enormous help in marketing.

Rooms Studios founders, who started their business in 2007, having met at art school where they studied interior design, are designing for the top international market bracket, their handmade sculptural objects produced as limited or numbered editions and made to order. At this level, and with the benefit of prestige prices, they are able to say that "we have been exceptionally fortunate to discover and collaborate with incredible local craftspeople, many of whom have contributed to our work for over a decade."

Their pieces call heavily on what Nata Janberidze and Keti Toloraia refer to as combining their "native Georgian heritage with a contemporary aesthetic," working with large-scale sculptural forms and mixed-media textural materials. Looking at the pieces, it is easy to imagine that they could have been made 300 years ago or more for a medieval Georgian fortress.

"It fills us with great pride to know we have a small role in preserving the traditional local hand-carving techniques that have become an inseparable part of our collections," they say. The "skilled wood handcrafting techniques of our ancestors" have become an integral part of their collections.

This is not the only way they are contributing to Georgia's arts culture as they are also doing something advocated by the EU reports for growth in the Georgian furniture sector, which is establishing collaborations with other artists. They invite others - ranging from photographers to graffiti artists - to create works for their collections, thus building a strong gallery and exhibition presence for Georgian work. The international design world is always agog to see what they will present next.

Given the range of working examples, and the potential sales domestically from import-substitution alone, donors remain optimistic that the Georgian furniture sector can grow. And it appears understandable that Enterprise Georgia has named the Georgian furniture sector as "one of the most attractive for investors." ■

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8000 Vintages brings a taste of Georgia to Berlin's wine scene

Berlin's Kreuzberg district was once the center of an artistic counterculture movement. Today, it is a hip, young area which is home to some of the best nightclubs, restaurants, art galleries, and now – Georgian wine. Retailer 8000 Vintages, known for its unique and vast offerings of Georgian vino, recently moved into the neighborhood, bringing with it its trademark towering shelves, iconic red ladders, and the best of what Georgian wine has to offer.

MARIAM TSINSTABADZE

Seven years after it first opened its doors on Tsintsadze street in Tbilisi's Saburtalo district, Georgian wine retailer 8000 Vintages made its entrance into the international market in July, welcoming guests to its inaugural shop and bar in Berlin.

It is the first move abroad for the wine retailer, which grew from just one location in 2016 to six, in as many years. The retailer, which currently has four locations in Tbilisi and one in Batumi, has sold over 1930 different labels of wine, offering one of the largest curated collections in the country.

Co-founder and CEO Irakli Chkhaidze says that inspiration for 8000 Vintages came from what he saw as a lack of designated spaces for enthusiasts to enjoy the best of Georgian wine. With a background in the pharmaceutical industry, it was during his MBA studies at the University of Bologna that he realized he wanted to be in the wine business.

"Italy has such an amazing culture around wine," says Chkhaidze. "And Georgia, of course, has this long history of wine drinking but also very sophisticated wine production," he says, nodding to the company's moniker that denotes the country's role as the 'cradle of wine' spanning back eight millennia. "But a lot of that culture was lost during the Soviet Union, and we've really only seen a resurgence since around the time of the Russian wine embargo of 2006."

He opened the first location in 2016 in Tbilisi's Saburtalo district: a move, he says, that was intended to offer local audiences a unique space to experience the best of Georgian wine's renaissance. "When we started the business, we intentionally chose a location out of the tourist areas in Tbilisi because we wanted a place that was accessible for locals." Each location offers a bar/shop combo with a light selection of cheese and fruit spreads but no kitchen because, as

Chkhaidze explains, "we are in the wine business, not the restaurant business."

Beyond accessibility, great care has been put into which wines are on offer. 8000 Vintages employs monthly tastings, bringing on independent testers to blind sample "as many as 100-120 different wines at a time." This has yielded a selection of nearly 2000 labels from more than 450 wineries – the majority of which Chkhaidze says are "are family-owned, small wineries from all over Georgia."

The move abroad

The company welcomed its first customers in Berlin in July 2023, bringing with it more than 180 different Georgian wine labels. With plans to expand abroad to several countries, Chkhaidze says the choice to start with Germany was obvious, given its love for wine. "Germany comes in fourth globally for per capita wine consumption and is the number one importer of wine. Georgia has a free trade agreement with the EU, which makes exporting there considerably easier, and the capital is a very international and diverse city - all of these factors made Berlin the clear choice."

And while early, he says the move seems to be paying off. "The reception has been overwhelmingly positive," says Chkhaidze. "I'm surprised by how many of our customers know about or have been to Georgia. We still have to educate them on the particulars of Georgian wine, but there has been an unexpectedly high level of demand for qveri wines, which really signals to us that we're in a market where people are looking for something new that they haven't tried before."

After a positive initial reception, 8000 Vintages plans to continue expanding its offerings at the Berlin location, aiming to have over 500 labels by year's end. This, says Chkhaidze, is no small feat. "Each wine that we export must meet quality standards and pass lab testing to be imported into the EU."

To help many of the company's small producing partners who lack expertise in exporting to EU markets, 8000 Vintages has taken on the bulk of the process. "We only ask that they pay for the lab testing – after that, we handle all of the administrative work and walk them through the process to get the proper customs clearances," he says, helping them to comply with labeling requirements, for example.

By doing so, he hopes to help generate income from abroad and show these producers that accessing new export markets is possible. "Georgia is still very dependent on Russia for wine exports. We want more winemakers to see that there are other markets out there that love the qvevri wines and other great high-quality wines they want to produce," he says. "I've already had the pleasure of reaching out to our producers and sharing with them the transactions we've had in Berlin – telling them, 'This money that you've just made came from Europe.' It was a great feeling."

Moving forward, the company plans to continue growing in Germany, entering other major German cities before expanding additionally abroad. As Chkhaidze notes, "I'm in the business of making people fall in love with Georgian wine. As long as we have great producers making that wine, our mission will continue to be finding new markets and sharing it." ■

How international finance is funding Georgia's fight against climate change

SALLY WHITE

Major environmental disasters hit the headlines, but in Georgia, ranked internationally at 40th out of 181 countries by the UN on vulnerability to climate change, the less noticed incidence of smaller ones is gathering momentum all too rapidly. The good news is that Georgia is not on research journal *Nature Communications*' highest-risk list for melting glaciers and their submerged lakes, which threaten 15 million people globally, mainly in Asia.

Also good is that Georgia seems to be well positioned to secure help on the climate change finance front. This is clear from the latest report from the world's largest fund helping developing countries, the UN-linked $11.4 billion Green Climate Fund (GCF), which is due to hold its 37th board meeting in Tbilisi at the end of October.

Plus, lessons are being taken from recent environmental tragedies in Racha and Guria. Ongoing EU and UN programs to build stronger monitoring systems (which had over the years declined with the collapse of the extensive Soviet systems) are being expedited.

"Over 60% of Georgia's population lives in disaster-risk areas," said chair of the roads department at the Georgian Ministry of Regional Development and Infrastructure, Giorgi Tsereteli, when opening a seven-year program in a $74 million GCF, UNDP, Swiss and Swedish-funded initiative two years ago. UNDP announced then that extreme flood events had "cost the country around $190 million a year" and total economic loss could "increase to $1.2 billion per year over the next decade."

The ongoing plan is to expand a hydrometeorological observation network and modeling capacities to provide reliable information on climate-induced hazards in 11 Georgian river basins. However, as the World Bank's recent report on Charting a Course for Sustainable Hydrological and Meteorological Networks notes, "... while many hydromet development projects are well intended, it is often difficult for national governments to maintain the observational infrastructure beyond the early years of operation. National budgets will need to be increased to support upper-air stations and radar operations, along with hydrological systems."

Mountain glaciers are posing a growing risk as their run-off often pools in shallow lakes, says the *Nature Communications* report, and is held back by rocks and debris. The risk comes when a lake overfills, bursting through its natural barrier and sending a torrent of water rushing down mountain valleys. According to

the website for Georgia on the UN-backed World Glacier Monitoring Service: "Nowadays the country lacks fundamental and reliable quantitative information on glacier changes."

After the disaster at Shovi, the National Environment Agency said that "the intense melting of the Buba and Tbilisi glaciers and the subsequent sediments had brought the hard deposits in the valley into dynamic, activating erosion and landslide processes, which later turned into a raging mudflow."

Climate-change shrinking of Georgia's glaciers (currently numbering 637, but that is declining) was 23% between 2000 and 2020, according to glaciologist Levan Tielidze as quoted by online news media JAM-news. This was caused by accelerating summer temperatures and a decline in winter precipitation. That glacier shrinkage (equivalent to 11 billion tons of water) is, he says, "four times higher than between 1911-1960 and three times higher than 1960-1986".

There is every reason to be watchful. Forecasts for climate changes in Georgia show escalating temperatures, according to the World Bank's *Climate Smart* report published last year: "Temperature changes in Georgia are projected to continue to increase significantly from the present day through to the end of the century. Under the highest emissions pathway, average temperatures in Georgia are projected to rise by 4.9°C by the 2090s, compared with a global average rise of 3.7°C." Precipitation forecasts are highly variable over the country, the report notes, and while rainfall is likely to be lower, it is not expected to change substantially in the first half of the century. But "the intensity of daily extreme rainfall events seems to increase as the temperature rises." Rising temperatures together with hard rainfalls also thaw the permafrost on the mountain-sides, causing soil to slide.

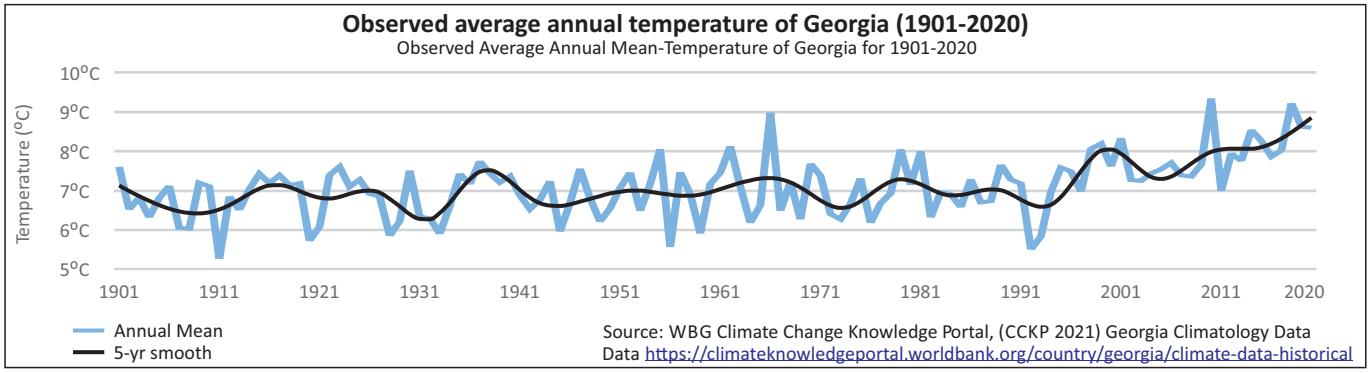
Debris-covered Buba Glacier in the Georgian Caucasus. Photo Credit: Levan Tielidze

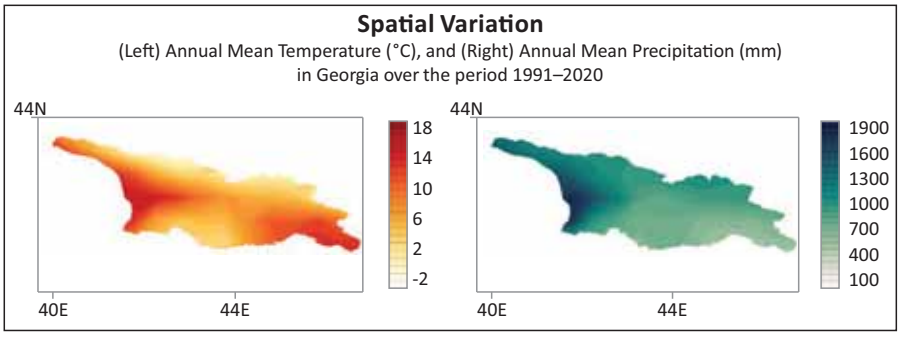
International finance and mitigating measures

Help to provide Georgia with more resilience via development finance commitments (from the EBRD, Germany, France, the World Bank, and the EIB, in particular) targeting climate mitigation totalled $721 million in 2016-2019 and GCF investment was $35 million. This was the most of all eastern European countries, playing an important part in strategy-building and information gathering. The GCF comments that Georgia had had early success in securing funding for large-scale projects.

However, reports from GCF and the World Bank are otherwise not entirely reassuring. They voice wide-ranging concerns for Georgia with its above-global-average projections for temperature rises, droughts, landslides and reduced river flows – bringing threats to agriculture and tourism and fights over water. The Asian Development Bank has also raised alarms, foreseeing increased water run-outs, flooding, and landslides as the mountain-side permafrost melts and the Caucasus Mountain glaciers recede. The challenge, as set out in the GCF's report on Georgia, is not just to gather vital information on looming threats, but to organize efficient mitigating measures as soon as possible.

Ideas from two scientists include zoning to avoid building houses near glaciers, and regional monitoring networks manned by scientists. Geologist Georgy Boychenko is the zoning believer, complex though it might be to manage. He told JAM-news: "The best approach would ▸▸





Source: Georgia Climate Risk Country Profile. World Bank and Asian Development Bank.

be to establish zoning – simply delineate any valley, near any river, with red lines indicating areas where settlements are permissible and where they are not. Glacial rivers like Bubiskali or Chanchakhi are numerous in Georgia and the entire Caucasus.

"The challenge is that glaciers and human settlements are in very close proximity. To ensure effective warning systems, there needs to be sufficient distance between the point of problem detection and the arrival of a landslide or mudflow at a populated area, allowing enough time for evacuation." Georgian regions are now zoned as being at risk of land-slides and mudflows, but many houses were first built decades ago.

According to Levan Tielidze, Professor at Ilia University and glaciologist at the New Zealand Antarctic Research Center, referring to the disaster at Shovi: "It's impossible to precisely predict when a disaster of this magnitude will strike. When we know that we have vulnerable regions, we need to realistically assess the situation... and the state should spare no financial resources for this.

"We have many such places in the Caucasus, and we must constantly study them and know where there are particularly dangerous areas. We need to maintain continuous monitoring there."

He advocates that the regions should have functioning regional centers, serviced by drones and small helicopters. In addition, experts should work onsite and be involved in the monitoring process, such as receiving early warnings that might come from local people indicating, for example, that a landslide might have blocked a river.

Increasing climate resilience

UNDP issued an update on its project with the Swedish and Swiss governments to engineer more climate resilience in Georgia in August. It is half-way through the program of covering almost all disaster risk zones in Georgia's biggest river basins, and focusing on establishing a nationwide multi-hazard early warning system, facilitating risk-informed local action, and building flood-protection infrastructure.

"....the program has been working to strengthen the country's outdated observational network. To date, more than 140 pieces of high-tech monitoring equipment – measuring wind speed, temperature variability, rain intensity, soil humidity and rising water levels – have been purchased and have begun to be installed, forming the basis of a new national multi-hazard early warning system."

The program has also been investing in producing hazard and risk maps. Maps of seven hazards – floods, landslides, mudflows, snow avalanches, strong winds, hails, and droughts – have been prepared for the main river basins of Western Georgia (Kintrishi, Natanebi, Supsa, Enguri, Rioni, Khobistskali, Chorokhi-Ajaristskali). Risk assessment of these rivers is being carried out based on international best practices, adapted to the Georgian context, with surveys for the rest of the country planned for 2024. Enhancement of agromet advisory services is ongoing and staff are being trained.

However, the government noted in its report last year to the UN Framework Convention on Climate Change, "Georgia is one of the most difficult regions in the world in term of the development of disaster-prone geology, vulnerability, and hazard risk – 70% of the country's territory is susceptible to risks of different sorts."

So, increasingly it is to historical data and geological hazard mapping that policy makers are looking – the further back the better. On this basis, as a cautionary guide, the most vulnerable areas are Adjara, Guria, Racha-Lechhumi and Kvemo Svaneti, while the least are Kvemo Kartli and Shida Kartli. ■

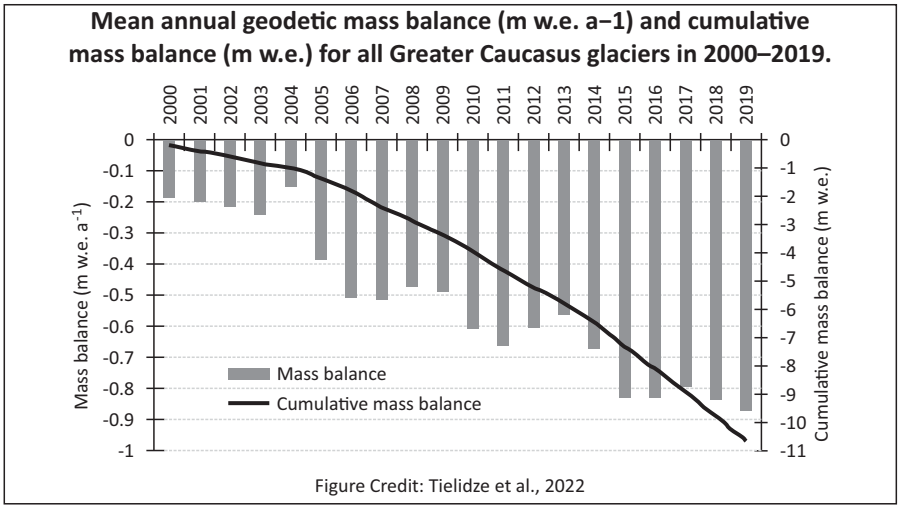


Figure Credit: Tielidze et al., 2022

Georgia welcomes new U.S. Ambassador Robin Dunnigan

Georgia bid farewell to outgoing U.S. Ambassador Kelly Degnan in September after three years of commendable service dedicated to supporting the Georgian people and championing their Euro-Atlantic aspirations. As the country prepares to welcome newly appointed U.S. Ambassador Robin Dunnigan, *Investor.ge* takes a look at her background and what priorities she's set out for her coming tenure in Georgia.

The U.S. Senate confirmed on July 27 the nomination of Robin Dunnigan as U.S. Ambassador Extraordinary and Plenipotentiary to Georgia. Ambassador Dunnigan joined the State Department in 1992. She served as Deputy Assistant Secretary in the Department of State's Bureau of Energy Resources from August 2014 to August 2017 and has also served at the U.S. embassies in Vietnam, Chile, Turkey, Cuba, and El Salvador, working extensively in the areas of trade and investment, energy, and sanctions issues.

Most recently, the incoming ambassador served as the Chargé d'Affaires and Deputy Chief of Mission of the U.S. Embassy in Austria from 2018 to 2021. She then served as the Deputy Assistant Secretary responsible for Central and Eastern Europe in the Bureau of European and Eurasian Affairs until June 2023.

At her confirmation hearing in front of the U.S. Senate Committee on Foreign Relations in March, Ambassador Dunnigan outlined the importance of working with the Georgian government and people to ensure the country's integration into Euro-Atlantic institutions like the EU and NATO.

She told the committee: "Not only will Euro-Atlantic integration benefit the citizens of Georgia, but I deeply believe it is in the U.S. national interest. We want a democratic Georgia firmly integrated with the West, capable of defending its borders, and able to withstand the pressure of Russian malign activities. Georgia has made remarkable progress over the last 30 years, but some concerning developments show there is more to do."

The incoming ambassador also highlighted her intention to continue strengthening economic ties between the U.S. and Georgia, noting that she plans to "strengthen bilateral trade and investment, including by increasing U.S. exports and opportunities for American companies in Georgia."

Ambassador Dunnigan also focused on Georgia's national security and sovereignty, which she vowed to continue advocating for in the face of Russia's ongoing occupation of the country. "I will work with Georgian international partners to hold Russia to its commitments under the 2008 ceasefire agreement and the UN charter," she said.

AmCham Georgia extends our warmest welcome to Ambassador Dunnigan. As AmCham President, Irakli Baidashvili, noted, "AmCham's relationship with the U.S. Embassy is vital to our mission of strengthening U.S.-Georgia connections. We have already seen from her public statements that our goals align, and we look forward to continuing our strong relationship moving forward." ■

Meet the Georgian craft cider makers serving up a new drink to sip on

With Georgia's grape harvest well underway, it's natural that the country lauded as the 'cradle of wine' has *ghvino* on the mind. But another, larger fruit harvest is also under way – and a group of cider makers have set out to turn it into a crisp new drink to sip on this fall.

MACKENZIE BALDINGER

The global market for cider is currently valued at $17.9 billion and expected to grow annually by 5% over the next ten years, says U.S.-based market research organization Future Market Insights. In Tbilisi, this apple-based drink is slowly popping up in local grocery chains as well as bars and natural wine shops. Cider, which dates back in origin to Celtic tribes around 3000 BCE and was a rumored drink of choice for both the Greek and Roman empires, has a story arguably as captivating as wine – yet is far less on the radar of Georgian drinkers.

This is strange, says Founder of the Georgian Cider Association George Cheishvili, given the extensive varieties of apples available in Georgia – which surpass grapes as the largest fruit produced in the country. In fact, in 2022, 130,000 tons of apples were produced in the country – representing 50% of the total fruit harvest, says Cheishvili.

He says he first became aware of just how unique Georgia's apple offerings were when he decided to start experimenting with the idea of brewing cider nearly six years ago. "When I first decided to start producing cider, there were not many resources in Georgia. So I reached out to some producers in the UK and U.S. for tips. They were surprised that a guy from Georgia didn't know about apples,

pointing me to *The Book of Apples* by Joan Morgan and Alison Richards."

This canon of sorts for cider producers, written in the 1990s, says of Georgia in its opening lines: "It was in these forests that the domestic apple, together with many other temperate fruits, originated, and when plant geneticist Nicola Vavilov and his colleagues first surveyed the forests of Georgia and Armenia in the 1920s, they found wild apple trees, pears and quinces garlanded with vines so that in the autumn when the fruit is ripening a traveler passing through the forest of Transcaucasia might think himself in the 'Garden of Paradise'."

Apples to apples

And in fact, Georgia's 'Garden of Paradise' is home to a wide variety of apples, both endemic and introduced. There are currently more than 125 varieties of apples in Georgia, notes Zviad Bobokashvili of the Georgian Scientific-Research Center of Agriculture in his research paper *The Apple Breeding of Georgia: Past, Present, and Perspectives*.

One specific variety, Brotsky, is proving a favorite for cider makers due to its bitter sharp acidity. Saidanaa owner and cider maker Nathan Moss says this type of apple, first brought to Georgia during the Soviet Union, is great for cider and cheaper to source due to its "powdery and sour" characteristics, which make it unfavorable for human consumption.

"There are four main categories of apples when it comes to their acidity and tannin: bittersweet, sharp, sweet, and bitter sharp. Most edible apples wouldn't be considered sharp, sweet, or bittersweet – just sweet, which isn't great for cider." The bitter sharp characteristic of Brotsky apples, he notes, gives cider a fuller body and "depth of flavor," but also makes them harder to source since they are not popular for consumption.

"I've started working in Marana, a village close to occupied Tskhinvali. The apples there were planted during Soviet times but have been largely untouched for 20 years because they didn't have buyers – now I'm sourcing from multiple families in the village who are recultivating them again."

For Cheishvili, apples have become a great way to differentiate Georgian cider from potential competitors abroad. "The UK and France, in particular, have very long traditions of making cider. If I were to use the same apples as them, like Fuji, Gala, or Golden Delicious, I would be competing with people who have generations of experience." Instead, he says, he's turned to varieties that are unique to Georgia, working with Georgian biological farming association Elkana, which has a demonstration yard where they house endemic varieties of apples collected from around the country.

"Last year, with the assistance of Elkana, I helped two cideries plant 20 different endemic varieties of apple that will be great for cider. Not only do we have the potential to create some unique flavor combinations and aromas, but we can do it while sourcing locally and supporting farmers in Georgia," he says, noting that many of the apples used by cideries fall into the category of 'non-standard,' or unfit for human consumption, which farmers often struggle to sell.

A natural twist

Beyond a plethora of local apples from which cideries can source, some Georgian cider makers are using another local resource to their advantage – that is, about 8000 years of winemaking experience. While different areas around the world are known for their own cider varieties – France traditionally offering a sweeter, carbonated cider and the UK known for its drier, higher alcohol content variation – several Georgian makers are experimenting with qvevri technology, as well as French wine techniques.

Cheishvili says that his cider, for instance, "is a combination of a French Pet-nat with a Georgian twist," using wild yeast and no sulfites to create a "natural sparkling cider." Moss of Saidanaa is also experimenting with the qvevri, using a winery in Sighnaghi. He's also planning to partner with Cheishvili to start producing on a larger scale at their own cidery in Navtlughi, which has a 20-ton capacity. Cheishvili expects to produce 5,000 liters of cider this year, while Moss says he aims to produce around 1,000 liters.

Both are making a "natural" craft cider, Cheishvili notes, which is made from the juice of fresh apples with no ▸▸

Members of the Georgian Cider Association

added sugar or other preservatives. "Early interest in Georgia around cider predominantly came from some of the natural wineries, who have a lot of the equipment and skills that can be transferred for making this type of sparkling cider," explains Cheishvili, noting that Gotsa Marani, a family-run winery in Kiketi, is considered to be one of the earliest cider makers in the country.

One cidery taking the theme of all-natural to another level is Cider Club Bazaleti, located less than an hour north of Tbilisi. The family-run eco-compound, which runs on solar, biomass, heat pumps, and wind energy, was created by Zaal Kheladze and his wife Nino Lezhava. It makes a range of ciders "organically, with no sugar added," using a base of naturally fermented Brotsky apple juice mixed with other added fruit juices to create an array of flavor offerings. At last count – though Kheladze notes that he's constantly experimenting – the club had six ciders on tap, including pomegranate, pear, blueberries, plum, and strawberry. Using the remnants from this process, they also produce 17 different types of schnapps.

The cidery, which is the largest to date in Georgia and produced 25 tons of cider last year, was also one of the first in Georgia to export their ciders. Last year, they shipped around 3000 bottles to a couple of retailers in the UK city of Birmingham as a first "test" of external markets.

Growing pains

With favorable conditions and a market that is only growing, thanks in part to the increasing number of expats and migrants that bring with them an existing familiarity with cider, Georgia's craft cideries have seen a boom in the last couple of years. "While we had around five serious cider markers three years ago, we've now got more than 15," says Cheishvili. "And the demand is there. Last year we hosted a booth representing several of our member cideries at the food festival Taste Tbilisi in Dedaena Park, and there was major interest – we sold out of cider in less than three hours."

Despite these positive indicators, the industry is facing some challenges – chief among them an exorbitant excise tax. Introduced originally to stop wine producers from diluting their grape juice with apple juice, any "fruit-based alcohol" like

cider currently has an excise tax of 5 GEL per liter if its ABV is above 5%, falling to 60 tetri if the ABV is lower. This tax is significantly higher than that of beer (.12 GEL per liter) and wine, which has no excise tax, and is particularly burdensome for natural cider producers, who say it's difficult to limit their ABV to 5% because of the fermentation process they use.

Cheishvili says this is a significant challenge for small cider makers, raising their costs to a point where it's hard to compete with other alcoholic drinks on the market. "We are still facing marketing issues and educating the local Georgian market on what cider is – to add this high of a tax forces cider makers to raise their prices, making the cost for a person to try cider higher than it should be."

To address this issue and others, the Georgian Cider Association is hard at work, convening a large portion of the country's cider makers regularly to sample each others' ciders, exchange tips and techniques – and try to create some lobbying power. "I've met with representatives from the Ministry of Agriculture, and while they supported the idea, they made it clear that until the cider market gets bigger, they're not inclined to make any changes."

And despite impressive signs of growth, cider remains a small market, registering only $161,000 in exports in 2022, according to data from Geostat. Though it also shows more than $500,000 worth of cider was imported into the country last year, which is double the previous year, and a strong sign of growing domestic demand for the apple-based drink.

There is also some positive news in the way of government assistance. Enterprise Georgia, the agency responsible for "business support, export promotion and investment in Georgia sectors," this year added cider makers to the list of eligible industries for its micro and small business support grants, which offer up to 30,000 GEL to help small businesses further develop. Seven cider producers applied, with at least three successfully securing grants.

"The cider market in Georgia is at an exciting phase of growth," says Cheishvili. "And looking at the wine industry, we have a great model for how the state can help support the growth of the sector." As he notes, "Given that we have high quality water, unique varieties of apple, the oldest culture of winemaking, and the unique qvevri technology, Georgia is an ideal country for cider production!" ■

GEORGIAN CIDER

Aptly named as the product of a man who is all about promoting the cider market in Georgia, Georgian Cider Association Head George Cheishvili's own brand, Georgian Cider, began selling just this year. His cider, which combines Georgian and French winemaking techniques, uses wild yeast with 20 endemic varieties of Georgian apples to create a "naturally sparkling cider" with no sulfites added. Sold in 750 ml bottles (great for sharing), you can find his cider at Saamuri (a natural wine bar located in hotspot/hostel Fabrika), Vino Underground, and Tsitska wine shop. You can also order it online from Veli.store. Prices per 750 ml bottle start at 35 GEL.

CIDER CLUB BAZALETI

Located less than an hour north of Tbilisi along the shore of Dusheti's serene Bazaleti lake is Cider Club Bazaleti. Housed in its own stunning eco-compound that overlooks the lake, the part-cidery, part-conference space is also home to the company Esco-S, which specializes in green engineering, energy audits, and energy consulting – having worked with wine companies, restaurants, hotels, and hospitals to advise on sustainable operations. Used as a proof of concept for sustainable living, the grounds, which feature two outdoor terraces, a tasting bar, and several meeting rooms, offer a perfect afternoon getaway from the bustle of Tbilisi.

While there, be sure to taste one of the six natural cider options on offer and get a taste of their cider-pairing menu. Recent features on the menu include an apple foam and cider prawn soup and a fruit jelly with a sparkling cider cream. You can also grab a bottle to take home with you or place an order on their website: ciderclubbazaleti.com Prices per 750 ml bottle start at 65 GEL.

SKHVA KHILI

A joint effort by partners Irakli Davitidze and Misho Mujiri, just 21 years old, who got their start producing fruit brandies, Skhva Khili (Another Fruit) was created by pure accident when the duo tried to make apple brandy "and accidentally created our first batch of cider." But much like Hennessy, their accident was the start of a great new drink. They've since gotten connected in the Georgian cider-making scene and are experimenting with various recipes. Made from a variety of Georgian apples, their Petnat-style apple cider has moderate carbonation, natural sediment, and a tart taste. You can buy their cider at 8000 Vintages, Morevi Records, Jive Bar, Abragi, Wine Boutique, Pet-Nat Wine Shop, Wine Coworking, Tsitska, and Tiba Restaurant in Kazbegi, or order online via Instagram (@Skhva_khili) or Facebook. Prices start at 15 GEL. Also make sure to keep an eye out for their honey cider – the mead-like drink is currently out of stock but may be back again soon by popular demand!

SAIDANAA

A product of passion for Londoner Nathan Moss, who says he was inspired by "Southwestern UK style" ciders. He began producing small quantities in 2017, but only began retailing his cider, described as "100% Brotsky apples, naturally fermented, Pet-nat style cider that's unfiltered," this past year at his popular Vera-based shop Bagelin, where he also sells homemade bagels, charcuterie, jams, hot sauces, and more. Prices for a 750 ml bottle start at 33 GEL in his shop – though currently out of stock, you can find other cider varieties like Tsalka Cider and Georgian Cider here as well.

NATURALE BREWERY

Founded by craft beer enthusiast Sergo Makarov in 2016, NaturAle Brewery started as one of the earliest producers of craft beers in Tbilisi. Shortly after, Makarov began experimenting with ciders, and now his brewery offers six different ciders – two of which recently took home medals at London beer and cider competitions. His ciders include Cider No. 1 (the bronze winner); Cider No. 2 - a strong aged version that's 6.5% ABV; Cider No.3 - an English traditional style; Cider No. 4 – a chokeberry cider; Cider No. 5 – a dry, hopped apple cider that recently took home the silver at the World Cider Awards in the UK; and Cider No.6 - a semi-sweet apple cider.

With enough cider variations to please every palette, you can try his ciders at his bar near Freedom Square (30 Lado Asatiani), his shop in Saburtalo, (115 Shalva Nutsubidze St), or several other bars around Tbilisi, including Post Bar, Coffee LAB, Cheers, and Crafter. Prices start at 10 GEL per bottle.

TBC CAPITAL

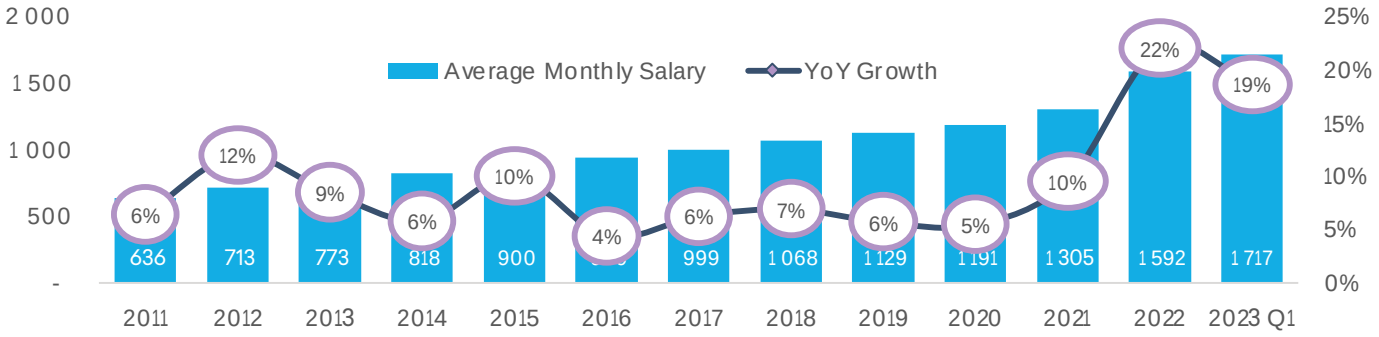
What's driving Georgia's e-commerce boom?

Georgia's e-commerce market is booming on the back of rapidly growing domestic demand, despite experiencing some growing pains within the local market, says TBC Capital's latest sectoral report. The market, estimated at around GEL 1 billion in the first six months of 2023, has experienced impressive levels of growth since the pandemic, surging 51% YoY in 2021 and 82% YoY in 2022.

Demand Drivers

Georgia's nascent e-commerce sector is seeing a post-pandemic surge due to several favorable demand drivers, says TBC Capital's latest sectoral report. On the back of a higher-than-average internet adoption rate of 88% (compared to 66% worldwide and 89% in the EU) and a growing urban population, rising wages are also playing a major role in pushing Georgian consumers into the e-commerce market. While average nominal monthly wages increased by 8.6% between 2011 and 2022 to GEL 1,592, growth has been particularly pronounced since the pandemic, registering 22% YoY growth in 2022 and 19% growth in the first quarter of 2023.

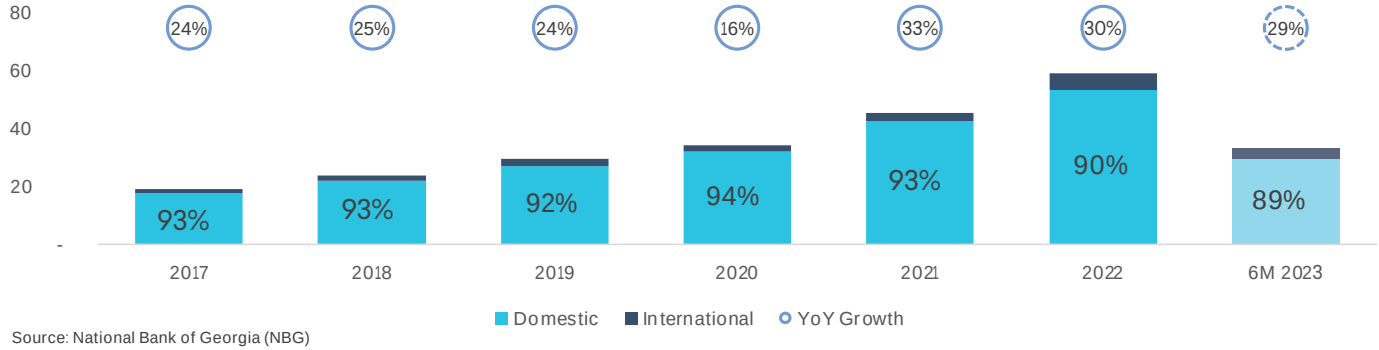
Average Nominal Monthly Salary in Georgia (GEL)



Source: Geostat

These factors, says TBC Research Analyst Tamta Beroshvili, have set the stage for rapid growth in the e-commerce sector. "We see a lot of positive dynamics that are encouraging the growth of online transactions," says Beroshvili. "In addition to higher salaries and internet adoption rates, we also see an upward trend in non-cash transactions." Card usage in Georgia was up 30% YoY in 2022, reaching a volume of GEL 59 billion, with the first six months of 2023 already showing promising 40% growth. "This shift from cash to non-cash transactions and online purchases," she adds, "is an important part of transitioning traditional purchases to the e-commerce market."

Value of Transactions with Card-Based Payment Instruments issued by Residents, Including POS and E-Commerce Transactions (Million GEL)



Source: National Bank of Georgia (NBG)

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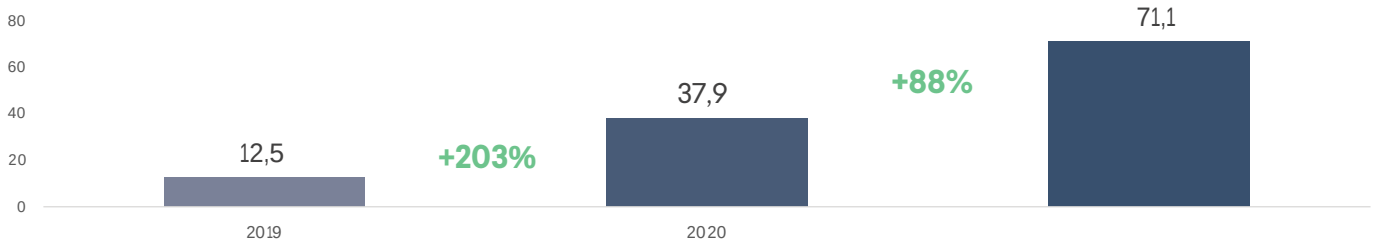
Supply Drivers

While several positive factors are contributing to greater consumer demand for online marketplaces in Georgia, the local e-commerce market remains largely in its nascent stages. Figures from 2022 show that only 13% of Georgian companies have a website, with only 18% of those featuring an integrated shopping experience. This low e-commerce adoption, with only around 3% of Georgian businesses reporting any revenue through online sales, could be due to a lack of technical expertise, says TBC Capital's Beroshvili. "Building up a website and integrating payment systems is a technical process for which many Georgian businesses don't have the in-house capacity, so they need to be convinced that investing in this would benefit them."

And while some Georgian businesses are not convinced of the value proposition as of yet, local delivery service applications are offering up a strong proof of concept that is hard to ignore – registering double and triple-digit growth since the pandemic. These apps, which include popular delivery courier services Glovo, Wolt, and Bolt, registered a 203% increase in revenue in the first year of the pandemic. Despite a high base effect, the apps registered an additional 88% YoY growth rate in 2021 – reaching a value of GEL 71 million – which Beroshvili says has played an important role in transforming Georgian consumer habits. "We certainly saw the use of online delivery apps explode during the pandemic," she notes, adding: "this helped to develop consumer habits and increase trust in the use of online platforms for what was a very new market before the pandemic."

Revenues of Selected Delivery Companies in Georgia (Million GEL)



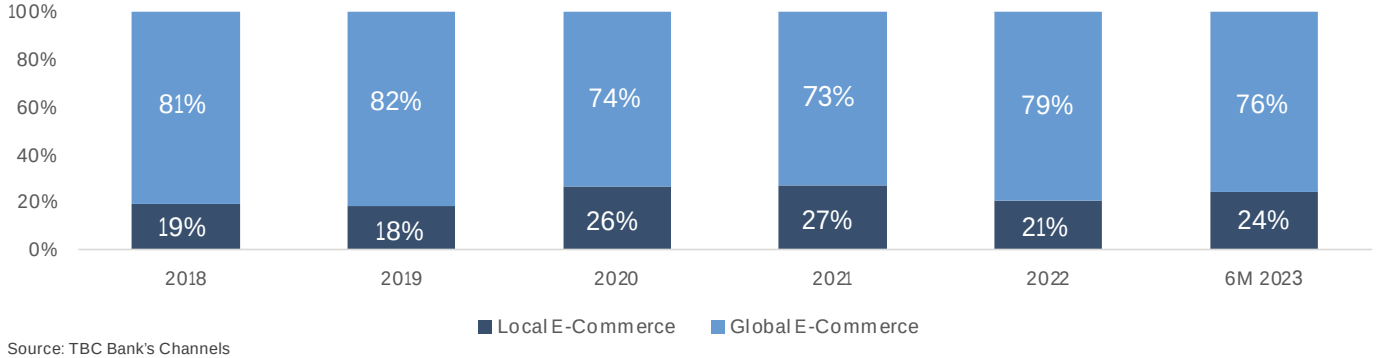
Source: Reportal

New customer-to-customer (C2C) and business-to-customer (B2C) marketplaces are also developing at the local level, with C2C sites MyAuto, MyMarket, and MyParts registering a combined total of 4.9 million site visits in June 2023. B2C site TKT represents the number one service marketplace in Georgia, and marketplaces offering physical goods like Veli.store and Extra.ge are also working to gain market share.

Market Outlook

Despite high levels of consumer demand and a growing number of local online marketplaces, cross-border purchases continue to dominate the Georgian e-commerce market – representing 79% of transactions in 2022. TBC Capital's Beroshvili says that despite these figures, several factors, including customs regulations and high costs of international couriers, are providing an opportunity for local actors to capture more of the market.

E-Commerce Market Distribution Between Local and Global Transactions



Source: TBC Bank's Channels

The customs barriers around cross-border e-commerce represent a significant deterrent for customers," says Beroshvil noting that many consumers keep purchases below the equivalent of GEL 300 to avoid paying an 18% import duty. "But the also represent an opportunity for the local market to capitalize on significant existing demand," she adds, noting that TBC Capital estimates the market should grow an additional 79% this year to reach a record value of GEL 2.35 billion, before reaching a value of GEL 4 billion next year.

"One of the biggest barriers that local e-commerce platforms need to overcome is a lack of consumer trust," Beroshvili says. "Many customers in Georgia are just starting to get comfortable with the idea of shopping online. While the pandemic helped accelerate this trend, local actors need to focus on building the trust of consumers. By offering, for example, convenient return policies, online chat assistance, and good customer service – which many are starting to do – these local platforms have a real opportunity to capture a larger share of this growing market."

Return to Rooms - a sit down with hospitality duo behind Georgia's first lifestyle brand

Rooms Kazbegi. Photo by Rooms Hotels

Georgia's tourism sector has had its fair share of shake-ups over the last few years. From a pandemic-induced shut down to a surge in post-pandemic travel, to the Russian invasion of Ukraine and the resulting regional repercussions – it's hard to remember a time when the sector last experienced business-as-usual. *Investor.ge* recently sat down with Rooms Hotels' CEO Valeri Chekheria and Managing Director Levan Berulava to get their take on the current state of Georgia's hospitality industry and talk about their return to the company, as well as the highly anticipated opening of their new hotel in Batumi.

***Investor.ge:* Welcome back to Georgia and Rooms Hotels. You've recently stepped back into the company as the CEO and Managing Director, but you were both an integral part of the conceptualization and founding of the Rooms brand back in 2012. Can you tell me a little bit about how the brand first came about?**

Chekheria: We're happy to be here. Our background in the hospitality industry started in 2010 when we were brought on by Temuri Ugulava to lead Adjara Group and run the international franchise hotel Holiday Inn Tbilisi. We learned a lot there about hospitality and international hotel standards, but also knew we wanted to create a brand that was unique to Georgia. At the time, there was a lot of interest in reviving regional tourism, so we started touring the country with Temuri to choose the right destination for our brand. When we visited Kazbegi, we knew it was the perfect place to put Georgia on the map as a destination. That's how the idea for Rooms Kazbegi was born and the first Georgian lifestyle brand was created.

***Investor.ge:* Can you describe your initial vision behind the Rooms brand?**

Berulava: We both studied at Columbia University and had fallen in love with New York service, which is friendly and cool but still professional. Our vision was to combine that with Georgian hospitality to create, as we would describe it, modern Georgian hospitality. It was about creating a place that felt local and offered a local experience, incorporating design elements and a menu that reflected the best of Georgia.

Chekheria: This also meant that it needed to be a place where locals wanted to be. When guests stay at our hotels and come into the restaurants or bars, we want them to see a crowd that is local – be it artists, businessmen, students, or politicians. To do that, we used a slightly unorthodox approach in hiring our staff. We recruited students from the local arts and film schools with no hospitality experience – they brought great creative energy to the place, and we were able to train them to provide the type of service we wanted our guests to experience. And I'm proud to say that I think we've created that. If you look at Rooms Kazbegi, for instance, Georgians are the most fre-

quent guests that we host there. That is a big part of offering a local experience.

Berulava: But beyond just the guest experience, we also focused on local development and incorporating local businesses into our brand to help generate growth around our hotels. We were one of the first to bring the farm-to-table concept to Georgia. Local farmers were struggling to find a consistent market to sell their produce in, and as a result, banks were unwilling to issue loans to them. We were the first to offer guaranteed contracts so that farmers could get loans and develop their farms. This dedication to supporting the local economy is also the reason we haven't served khinkali in our restaurant at Rooms Kazbegi since the beginning. We want our visitors to go out and visit local restaurants and use other local services.

Investor.ge: **Rooms Tbilisi opened in 2014, followed by Fabrika in 2016, Stamba in 2018, and Rooms Kokhta in the winter of 2019, but the Covid-19 pandemic came just a few months later, turning the hospitality industry on its head. As we've come out of the pandemic, there seems to be a huge appetite for travel but also some shifting trends. What has been your experience in the post-pandemic period?**

Chekheria: Post-pandemic, there has been a massive surge in travel demand. People are hungry to travel, and we see the figures reflecting that. On a global scale, there has definitely been a particular rise in high-value tourists – those who are willing to spend more and are looking to enjoy local gastronomy and luxury amenities. This is a trend we see happening more so in Europe right now though; it's not really carried over into Georgia as much as we would have liked.

For us to talk about trends, we need to differentiate between our locations. In Tbilisi, we've seen a great return of MICE [meetings, incentives, conferences, and exhibitions] travelers – I would say that's

Rooms Hotels CEO Valeri Chekheria

Rooms Hotels Managing Director Levan Berulava

about 60% - 65% of our business here. Our largest portions of guests in Tbilisi are generally from Europe, followed by the U.S. In Rooms Kazbegi, however, we see less international MICE travel – most likely because of its location.

Investor.ge: **What about this summer? What kind of trends have you seen?**

Chekheria: This summer, we've seen a decline in visitors from Europe – we've had several European groups cancel. There is still a lot of concern over the war in Ukraine and related concerns around water quality in the Black Sea as well, which impacts overall travel to the country – not just Batumi. In Europe, travel demand was so great this summer that ▸▸

Rooms Batumi. Photo by Rooms Hotels

Rooms Batumi. Photo by Rooms Hotels

many places saw occupancy levels and average daily rates (ADRs) double. That's not the case for Georgia. We have seen occupancy reach pre-pandemic 2019 levels – around 72% for Tbilisi and 78% for Kazbegi currently – but ADRs have largely remained the same, if not falling slightly. In Berlin, for example, before the pandemic the average ADR was around 80 euros – now it's around 150 to 160 euros. Pre-pandemic, our ADR for Rooms was around 145-165 euros, and it's still that rate. This is a real problem for Georgian hotels because operating costs are increasing and ADRs are not keeping up.

Berulava: This is part of the reason that we are proactively working to attract more high-value tourists. We want to make it clear that Georgia is a safe country. We've introduced the Supra concept in several cities already – including Berlin and Paris – and we are planning to host one in Tel Aviv soon, as well as other cities that offer direct flights to Tbilisi. It's an event that brings the best of Georgian food, wine, and culture to a group of about 60-70 locals like journalists, businessmen, and influencers to increase interest in Georgia as a must-visit destination.

Investor.ge: **There's been a lot of buzz around the opening of Rooms Hotel Batumi at the end of September. Can you tell me about the new hotel and what other upcoming plans you have for the Rooms brand?**

Chekheria: We're very excited to open the doors of Rooms Hotel Batumi, which was curated and designed by Temur Ugulava and in-house group Collective Development in collaboration with Rooms Studio. Just like the other Rooms hotels, Temur created it to integrate organically into the surroundings. It's still the quintessential Rooms aesthetic, but with a seaside twist that makes it unique compared to our other locations. We think it is going to be a top destination – particularly for Georgian tourists. We are also actively working on another Rooms location in Abastumani. The city was historically home to balneological resorts and known for its great air quality, so Rooms Abastumani will be focused on holistic care and wellness.

Berulava: We've got plans to issue a bond in Georgia soon as well, and then will be looking to expand the Rooms brand internationally in the near future. Beyond that, we're always looking for new locations in Georgia that would be a good home for the next Rooms Hotel – lucky for us, there's really no shortage of beautiful places for us to choose from. ■

Rooms Batumi. Photo by Rooms Hotels

AmCham and MAC Georgia launch university scholarship program for disadvantaged students

LUKA TCHOVELIDZE

AmCham Georgia and the McLain Association for Children, Georgia (MAC Georgia) launched a new university scholarship program in September with the generous support of AmCham member companies. The program aims to offer students from low-income and disadvantaged families an opportunity to pursue higher education. It will pay for four years of tuition payments as well as providing a stipend to help cover the cost of living.

MAC Georgia CEO Jeremy Gaskill says that the idea for the scholarship first came about after discussions with AmCham Executive Director George Welton about MAC Georgia's existing scholarship program. MAC's existing program has been operating in the country for ten years and has supported more than 226 at-risk students from rural communities. "George and I would discuss our scholarship program periodically and imagine what it would be like if other individuals and companies started doing the same. How many lives across the country could be impacted for the better? AmCham, with its large membership, was perfectly placed to mobilize this support," said Jeremy.

The scholarship is both needs and merit-based, using the government's targeted social assistance evaluation system to identify those with "significant financial need." From there, a selection panel made up of MAC, AmCham staff, and the AmCham Board used national entrance exam results, applications, and interviews to select the scholarship recipients. Gaskill says that beyond exam results, the selection panel looked at students' "motivation and commitment."

As Jeremy from MAC explains, "It was important to us that we target those students who likely wouldn't be able to attend higher education without the support of outside financing. From that pool, we then looked at a couple different qualities. To be honest, I came away inspired from those interviews by the maturity and intelligence of the candidates. These were kids who had gone without the benefits of tutors and other resources enjoyed by many. Yet they had goals and determination and accomplishments already to show for it."

The program received more than a hundred applications, with 51 students making it to the interview phase and 30 students offered four-year scholarships. Beyond the financial assistance provided, the program will offer its scholarship recipients additional professional development opportunities, including internship placements and support in securing employment post-university.

George Welton, AmCham Executive Director, further commented, "This program doesn't just ease a financial burden but opens doors to the amazing network that is AmCham. My hope is that we'll see this program evolve in the years to come to include more personal and professional development opportunities beyond just a university education. The AmCham community possesses enormous resources and I hope that we'll increasingly draw from these to cultivate and prepare tomorrow's leaders."

AmCham and MAC Georgia would like to express our deepest gratitude for the generous support from several of our AmCham member companies. Thank you to Bank of Georgia, Gulf, TBC, Hilton Batumi, Nutrimax, APM Terminals Poti, BICT, BLB, Peri, School of Progress, TBC Leasing, and GeoWel Research. This program would not be possible without you! ■

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FDI attractiveness of Georgian renewable energy:

Are PPAs BACK in GEORGIA?

As the most successful financial support mechanism proposed by the Government of Georgia for project development and FDI attractiveness, guaranteed power purchase agreements (PPAs) have played a core role in the development of renewable energy projects since 2008 and attracted numerous investors to Georgia.

The history of investment mechanisms for renewable energy projects

At the time, despite Georgia's emerging free market economy and stable sovereign rating, international financial institutions (IFIs) were still not willing to finance large investment projects in the country. Thus, PPAs played an important role in creating a bankable environment for project financing. After implementing PPAs in practice, investment in Georgian renewable energy became one of the most attractive business activities from an investment perspective. PPAs allowed Georgia to start building its energy independent future by developing large hydro power plants, including the Dariali HPP, the Shuakhevi HPP, and the Paravani HPP.

On the suggestion of the International Monetary Fund (IMF), which regarded PPAs as long-term financial undertakings for the country that could negatively affect the economy and market ratings, the Georgian government made the decision to stop offering PPAs since 2013 and commenced working on a new investment mechanism that would carry less of a financial burden.

In 2014, Georgia signed the Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU and commenced implementation of a third energy package at the domestic level. This process envisaged opening the day ahead (spot) market in Georgia, which would create new opportunities for the country. The day ahead (spot) market would enable the introduction of other financial incentives to attract FDI similar to PPAs.

The feed-in premium (FIP) tariff was introduced in 2020. The FIP mechanism was slated to be provided for eight months out of the year for a period of ten years, with the financial support of up to 0.015 USD per kWh paid if the price of the day ahead (spot) market would be less than

0.055 USD per kWh.

The mechanism seemed promising and many public and private partnership (PPP) projects were initiated; however, due to social and technical constraints, as well as political instability in the region, the opening of the day ahead (spot) market was postponed several times and projects initiated under the FIP mechanism ceased development due to a lack of financing.

To make the energy market attractive for foreign investments once again, the Georgian government initiated a new support mechanism, which was implemented in December 2022. Under this new initiative, the FIP was replaced with the contracts for difference (CfD) mechanism. Under this new scheme, any renewable energy source project of more than 0.5 MW installed capacity at the preparatory stage had the right to participate in a capacity auction generated by the government.

Within the CfD mechanism, the auction tariff is based on the median tariff proposed by auction participants. Projects that propose a tariff lower than the median tariff at the auction are granted the right to implement the project. The winners of the auction, under the CfD mechanism, will enjoy the right to receive compensation for the difference between their proposed tariff and the tariff of the day ahead (spot) market for 15 years. Respectively, the CfD mechanism guarantees that the winners of the auction will always receive their bidding tariff for the generated electricity. If the price at the day ahead (spot) market is higher than the winning tariff, the difference must be compensated back to the Georgian government.

What needs be done?

At first glance, the CfD mechanism looks promising and can be assimilated with the existing PPA mechanism; however, without the day ahead (spot) market defining this tariff, this mechanism will be difficult to implement.

The Georgian government must find a stable basis to replace the dependence of the CfD support mechanism to the day ahead (spot) market tariff as the latter is yet not operating. Under the current legislative and technical setting of the Georgian energy market, such a mechanism can only be the weighted average tariff of balancing electricity that the market operator offers to its customers (i.e., the balancing electricity tariff). For interested investors, the balancing electricity tariff would be much stronger and more reliable than the day ahead (spot) market tariff.

Once the spot market opens, the balancing electricity tariff can be replaced with the day ahead (spot) market tariff again without any major disruptions to the process. Moreover, as the market price is anticipated to be more than the balancing electricity tariff, this shift will present less of a financial burden for the Georgian government.

Georgia, which has potential of developing around 108 MW installed capacity of solar PV power projects, 1,500 MW installed capacity of wind power projects, and more than 10,000 MW installed capacity of hydro power projects, can become an investment hub once again by offering the proper CfD support mechanism to potential investors.

Considering the above mentioned, the answer to the question of whether PPAs are back in Georgia is NO. However, if properly implemented with important additional regulations, the CfD mechanism can successfully serve the same purpose that PPAs once did in attracting FDI in Georgia's renewable energy sector.

Lasha Uplisashvili
Partner

FOR MORE INFORMATION AND ADVISE
PLEASE CONTACT US:
129ª David Aghmashenebeli Ave, Tbilisi, 0102, Georgia
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SPONSORED CONTENT

Betting big on blueberries - Georgian farmers have a new favorite fruit

Georgian wine producers are regulars on the international fair circuit, but a new agricultural sector seems about to join the Georgian frequent flyer crowd – Georgia's fruit and vegetable growers.

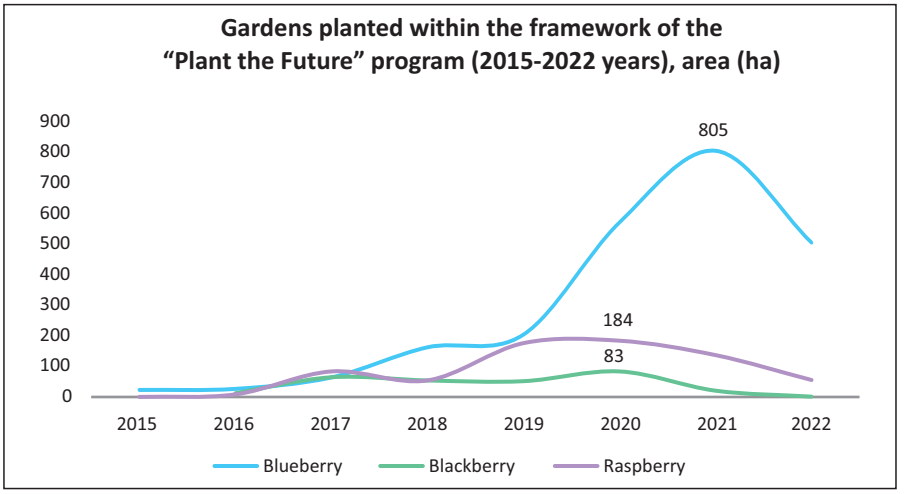
As Europe's horticulture suffers from climate change's tumultuous impact on the weather, an opportunity is opening up. Georgia has been able to show its products to advantage at fairs like Fruit Logistica 2023 – a three-day event in Berlin that is attended by trade buyers from 140 countries.

Georgia's fruit farming is having a good 2023, although there remains a long way to go to build it into an industry of significant size with a strong, sustainable future. However, an indication that it has become investible can be deduced from the fact that both of Georgia's main investment banks, TBC Capital and Galt & Taggart, have just published reports showing the super-performance of one fruit – blueberries. While light on featuring the blueberry-producing companies, these reports do show that prospects for this fruit seem excellent given global appetites and growing Georgian production.

The acknowledged best information source is recognised as EastFruit – an agriculture platform funded by the Food and Agriculture Organization of the United Nations (FAO), the European Bank for Reconstruction and Development (EBRD), and EU4Business. The platform carries daily updates, prices and advice on fruit and vegetables in Central Asia, the Caucasus, and Eastern Europe. It puts the 2022 figure for investment in Georgia's perennial gardens last year at $22 million. Almost half of this was funded by the Georgian government's program Plant the Future. Exports to Europe and the UAE are rising as a result. According to EastFruit, the split of horticultural investment in 2022 was 26% to blueberries, 19% to almonds, 18% to olives, 15% to laurel, and 13% to apples.

There are very serious reasons for the government and Georgia's backers among international organizations to watch the local fruit business closely and push to change it – currently around 90% of overall production goes to the Russian market. If there were another blockade on Georgian agricultural exports, the household budgets of tens of thousands of farmers and agricultural laborers would be badly hit.

Russia's share of the blueberry market, at least, should fall from the current



90% to "25% to 30% in the future," says Head of the Association of Blueberry Producers Tornike Panjavidze. He gave as his reason, according to EastFruit, that "in the long run the Russian market is not profitable for Georgian producers due to fluctuating prices…it offers high prices only during the first two weeks of the season, but prices drop significantly when the harvest is abundant. On the other hand, the European market provides consistent prices through the season."

To break the export pattern, help for farmers funded or subsidized by international donors and the government is wide-ranging. Modern technology is increasingly used: drones for spraying, weather stations for climate forecasting, solar panels for light and heating - as well as improved irrigation. There is modern EU-standard packaging; anti-hail netting; and a rising volume of cold storage, advice, and sourcing for the best varieties to grow.

"Now 19% to 20% of the population is employed in agriculture, and this is a rather high figure. In the future…fewer people should be employed in agriculture, but many more products should be produced. This is the future for Georgian agriculture," First Deputy Minister at the Ministry of Environmental Protection and Agriculture George Khanishvili told delegates at April's HortiTech: Trends and Opportunities in Georgia conference.

The quest for new markets

While Georgian harvests in 2023 for a number of fruits have broken records and demand is strong, the quest to diversify exports away from dominance by the Russian market, to bring in corporate entrants, to create efficiencies of scale to farms, and to attract young people are generally hard-going. All are very difficult to achieve, and farmers prefer to fall back on familiar, traditional, and less fussy markets like Russia. The world's largest import markets, all bigger than Russia, are Germany, the Netherlands, the UK and Poland – and most pay considerably higher prices.

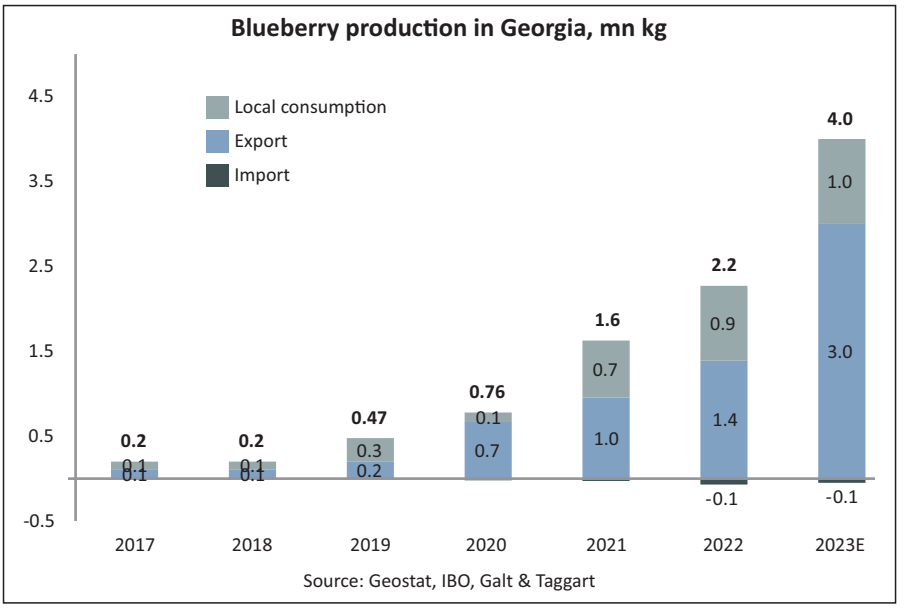
The Berlin exhibition showed that progress is being made, however, as a long list of fresh food companies are able to meet European Union standards, after years of working with experts from international donors, and were able to exhibit. The Georgian stand represented fourteen companies: Agrolane, Bluebird, Golden Farms, Khoni Plantations, Royal Berry, FCO, Silk Agro Technology, Herbia, West Best Blueberry Plant, Mambofrost, Cider, Blue Gold Georgia, and Green Meadow Products.

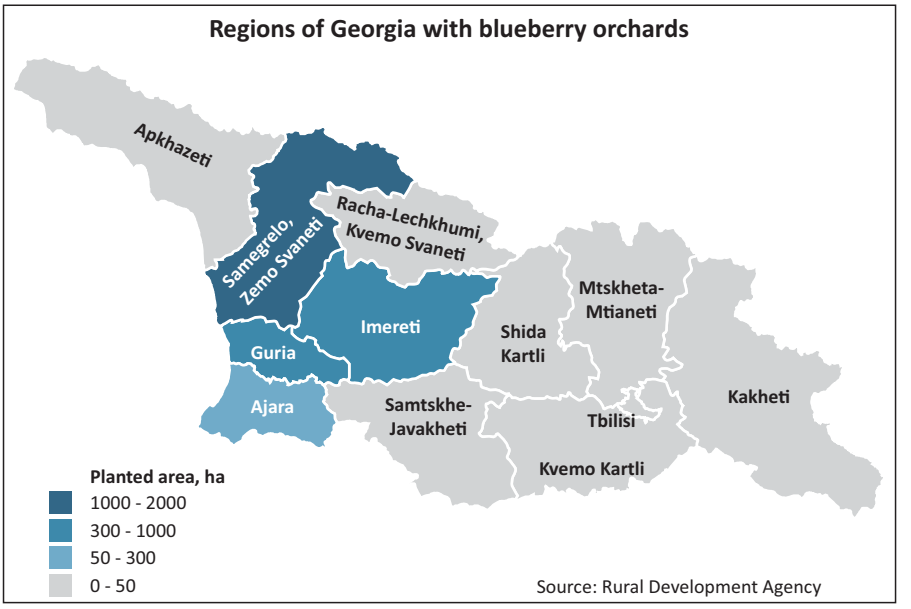
The aim, says Georgia's Rural Development Agency Director General Giorgi Jibladze, was to make contacts with the many companies and trade networks attending the exhibition "which, in the future, will contribute to the process of the diversification of markets for Georgian agricultural products and the growth of exports." Attendance at the Berlin exhibition follows on from recent appearances at fairs and exhibitions in Paris, Dubai, and London.

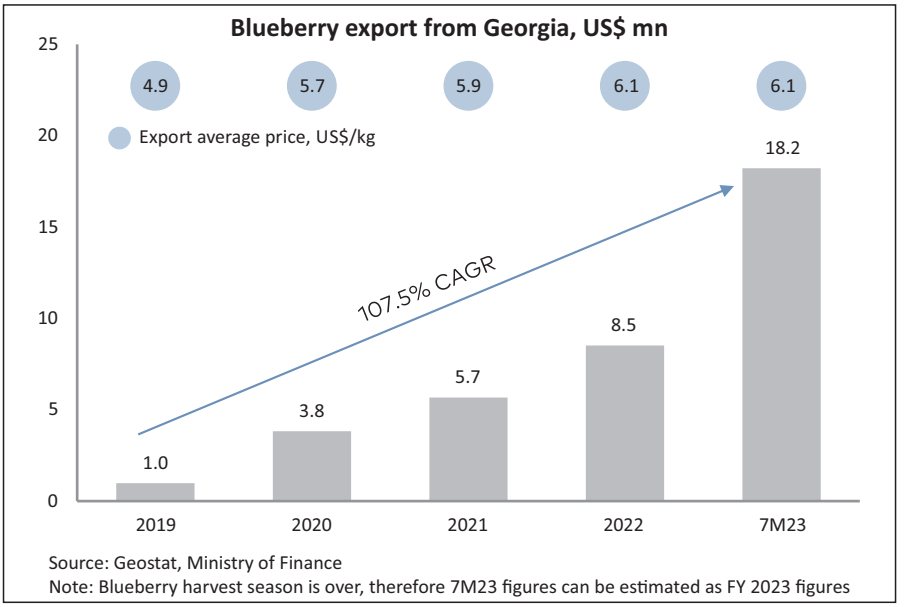
Betting big on blueberries

Outstanding success in one section of the horticultural market is being enjoyed by Georgian blueberry growers. Georgia has begun to export the fruits to Poland, the Netherlands, and Germany and is processing jam, jellies, juices, and dried and frozen berries to help manage fluctuations in prices and increase productivity.

Farmers are tearing out blackberry ▸▸







and raspberry canes and pulling up tomatoes and cucumbers from polytunnels to replace them with blueberries - and giving more space to them as demand soars. Galt & Taggart's August report – which also covers a number of other fruits – notes: "Georgia increased production by 8.5x between 2019-23," against the background global demand of 19.6% CAGR in 2017-2021.

Forecast growth for Georgia as new plant species are introduced is a rise from current production of 4 million kilograms to "25 million by 2027." Exports doubled this year, Galt & Taggart says, reaching 3 million kilograms and valued at $18.5 million. However, its analysts add that the "anticipated surge in production over the next 5-10 years requires a focus on diversifying export markets."

Georgia's blueberry yields are already healthy, at 14.5 ton/ha in 2021 against the world average of 9.6 ton/ha, the United States' 7.7 ton/ha, and Western and Central Europe's 6.9 ton/ha. In the first seven months of this year, Georgian export revenues were 2.1x higher than in 2022. Samegrelo is the leading region with half the total acreage.

Overall, the average investment cost, says Galt & Taggart, was an average of GEL 30.9k per hectare over the years 2017-22, but figures from the Agency of Rural Development for last year showed that the figure had increased to GEL 33.3k per hectare.

While, TBC Capital notes, around 71% of cultivated orchards were growing blueberries this year, that figure is growing, but strawberry, raspberry and blackberry production has been declining "due to a combination of production challenges and lower-than-anticipated prices." In January to May of 2023, only $300,000 worth of strawberries were exported and raspberry and blackberry exports fell in value from over $40 million in 2021 to around $12 million.

Exports of Kiwi have been growing,

but the fastest growing business in them is importing, with 1,700 tons being produced against imports of 2,800 tons in the 2022-2023 season, a pattern that has become familiar in recent years, says EastFruit. And for tomatoes, fresh and frozen, more were imported than exported – at 18,968 tons as opposed to 2,235 tons in the first half of 2023. Peach and nectarine exports have doubled in 2023 to date, at 1,411 tons, and fig exports have also risen.

Attempts to grow another highly popular fruit, avocados, have been abandoned, and instead a trading system – the Avocado Hub – has been established bringing in the fruit from African countries and re-exporting to destinations such as Uzbekistan.

The problem of producing any fruit for Europe or the Middle East on the scale and quality needed for efficient exporting is shown by the small number in Georgian agriculture as a whole of businesses as opposed to individual farmers. As much as 92% of fruit is being produced by family holdings, according to the GeoStat publication "Agriculture of Georgia." As EastFruit comments, as a result "Georgian agriculture is segmented into very small parts. The small sizes of production mean there are no scale effects, which translates into low productivity."

Most Georgian produce grown is for families' own consumption. Overall in farming, according to GeoStat, only 5% of holdings produce to sell and this is down from 8% in 2021. Another problem is the looming retirement of farmers: 59% of the land is operated by farmers who are over 60 years old, with the numbers increasing every year.

But because of climate change, compared to the European picture, Georgia's horticulture's prospects seem highly favorable. It is impossible, with so many small farmers operating, to give a true individual figure on profitability. However, the good news for those operating within government programs established in the last six years, say EastFruit's analysts, is that "revenues are expected to grow for all produce groups." ■

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SOCAR MIDSTREAM

The South Caucasus Pipeline (SCP) is one of the key sections of the Southern Gas Corridor, designed to export natural gas from Azerbaijan to Georgia, Türkiye, and Europe.

The pipeline starts from the Sangachal terminal near Baku and runs parallel to the Baku-Tbilisi-Ceyhan crude oil pipeline corridor through Azerbaijan and Georgia to Türkiye, where it is linked up with the Turkish gas distribution and TANAP pipeline system. The SCP construction was launched in 2004 and completed in 2006. The expansion of SCP was completed in 2018.

The length of SCP is 692 km, with 248 km in Georgia. The Georgian section of the pipeline includes two compressor stations, one pressure reduction and metering station, and one intermediate pigging station.

SOCAR Midstream Operations LLC, a fully owned subsidiary of SOCAR, took on the role of the SCP commercial operator in 2015 and became the SCP technical operator in 2020.

Gia Edilashvili, farmer/owner of the apple orchard.

Georgian-made anti-hail nets boost agriculture sector earnings

Not too far from Tbilisi, in the village of Breki, in the Shida Kartli region, you will find an apple orchard teeming with green and red apples, sprawled across an expansive 70 hectares of land. The orchard is owned by Gia Edilashvili, a skilled agriculturist with over a decade of experience in the field. Planted two years ago, this year marks the arrival of the first harvest when Gia receives the fruitful outcome of his hard work.

Fortunately, Gia's orchard is now protected, thanks to anti-hail nets. Teaming up with a USAID-supported local company, Agrobade, Gia invested in locally-manufactured anti-hail nets, which shield crops from the damaging effects of hail, sun, spring freeze, and pests. USAID played a crucial role in supporting the company by providing assistance to purchase equipment and initiating production. Thanks to this support, Gia now produces higher-quality fruits for Georgians and earns a better income.

Photo by Dimitri Chikvaidze for USAID Georgia

"Apple cultivation thrives in this region, but unfortunately, we have experienced numerous cases of hail ruining our crops. As a result, we have suffered significant losses of 50% to 70% of our crops annually," says Gia.

"When we learned about Agrobade, a local company, we were among its first customers. It proved to be a cost-effective and convenient solution compared to importing nets from other countries. The company also facilitates ongoing communication and support, ensuring the proper maintenance and effectiveness of the nets throughout the growing season," says Gia.

Hailstorms are quite common in the Shida Kartli region and have been known to devastate large shares of crops in the area. Anti-hail nets are critical to preventing damages and significant harvest losses, but high costs of imported anti-hail nets keep many farmers in Georgia from being able to purchase them. Agrobade is the first modern enterprise in Georgia that produces anti-hail and protective nets locally, serving farmers and agricultural producers around the country. USAID's passion to support local Georgian farmers is part of its long-term initiative to advance Georgia's economy and make it more of a global competitor.

"Founded in 2023, Agrobade produces both anti-hail nets and yarn. With a grant of $150,000 from USAID, we financed the purchase of net weaving and thread manufacturing machines and opened production facilities. To date, we have served approximately seven or eight farmers and our list of clients continues to grow rapidly," says Avtandil Maisuradze, Founder and Director of Agrobade.

The locally-produced anti-hail nets offer substantial benefits to local farm-

Agrobade staff members. Photo by Dimitri Chikvaidze for USAID Georgia

ers, including reduced import costs, amplified crop yields, and increased income. With USAID's support, they have the potential to prevent 10-15 million GEL in damages to orchards from hail and other natural disasters. And as production continues to expand, it creates new job opportunities, contributing to the overall prosperity of the local community.

Agrobade aims to annually produce approximately one million square meters of anti-hail nets and over 600,000 mesh bags for packing and shipping produce, resulting in an annual income of $1 million.

Situated in Shida Kartli, a region neighboring the Russian-occupied territory of Georgia, most of the company's employees are internally displaced persons as a result of the 2008 Russian invasion. Currently, the company employs 37 staff members and has ambitious plans to expand in coming years.

"In the future, we envision the growth and development of our enterprise, including the acquisition of additional knitting and material production equipment. Our goal is to enhance our services and offer farmers additional support such as complete net installation, further improving our offerings to the agricultural community," says Avtandil Maisuradze.

As the number of modern fruit orchards continues to grow in Georgia, companies such as Agrobade are critical to reducing risks, providing resilience in light of climate change, and most importantly, protecting the income of farmers and their families. For the upcoming season, Agrobade plans to produce nets for 300 hectares of orchards, which would result in net sales of an estimated 2.1 million GEL. ■

Apple orchard in Breki village. Photo by Dimitri Chikvaidze for USAID Georgia

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AmCham

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AmCham Hosts Sponsors' Appreciation Cocktail Reception

AmCham Georgia hosted a cocktail reception and networking event on July 14 in appreciation of the generous sponsors of AmCham's July 4th picnic. The event was held at the Golden Tulip Design Tbilisi. AmCham President Irakli Baidashvili greeted guests and expressed his gratitude towards the sponsors and the AmCham team for supporting the most successful picnic to date. Guests were welcome to enjoy cocktails and took the opportunity to reconnect with friends, colleagues, and fellow representatives of member companies.

Evening Reception with U.S. Ambassador Kelly C. Degnan

AmCham Georgia was invited to a summer reception by outgoing U.S. Ambassador Kelly C. Degnan at her residence in Dighomi on July 19. At the event, Ambassador Degnan addressed AmCham members and hosted a Q&A session. AmCham President Irakli Baidashvili thanked Ambassador Degnan for her phenomenal work in Georgia, and members had the opportunity to enjoy refreshments and networking.

Cocktail Reception at Pullman Hotel

AmCham Georgia hosted a cocktail reception at Pullman Hotel's Weather Report Sky Bar on July 27. AmCham President Irakli Baidashvili welcomed members, who then had the opportunity to reconnect with colleagues while enjoying views of the Tbilisi skyline.

AmCham Hosts Annual Rafting Trip

AmCham Georgia organized a rafting excursion for member company representatives on August 12, along with their families and friends. After an invigorating rafting trip on the Aragvi River, guests had the opportunity to network and enjoy a BBQ lunch by the river.

Back to Business Cocktail Reception at Radisson Red Tbilisi

AmCham Georgia hosted a cocktail reception at the newly opened Radisson Red Tbilisi on September 21. AmCham President Irakli Baidashvili greeted guests and informed them of upcoming AmCham events. Members used the opportunity to celebrate the end of summer over cocktails while reconnecting with friends, colleagues, and fellow representatives of member companies.

NEW MEMBERS

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Quantory Georgia is the Georgian subsidiary of the U.S. company Quantori, Inc., which is the end-to-end digital IT service provider for the life science and healthcare industries. Quantori develops cuttung-edge technology systems, applications, and infrastructures for biotech, pharmaceutical, and healthcare companies that accelerate drug discovery and improve patient outcomes. Innovative approach harnesses the power of data engineering and informatics, machine learning, emerging technologies, and cloud expertise to advance research and development and ultimately bridge the gap between meaningful data and patient success.

www.quantori.com

Radisson Red Tbilisi Hotel Corp A

Radisson RED Tbilisi features a fitness center, garden, a terrace and restaurant in Tbilisi. This 4-star hotel offers room service and a 24-hour front desk. Guests can have a drink at the bar. At the hotel, each room comes with a desk, bed linen and a balcony with a city view. All rooms are equipped with air conditioning and a TV, and certain rooms at Radisson RED Tbilisi have a safety deposit box. Guest rooms include a closet. Guests at the accommodation can enjoy a buffet breakfast.

https://www.radissonhotels.com/en-us/hotels/radisson-red-tbilisi

USAID/National Governance Program Implementing Partner: DAI Global LLC

The USAID National Governance Program is a five-year program to increase government accountability and responsiveness to citizens by enhancing the effectiveness, transparency, and accountability of executive institutions of the Government of Georgia (GOG), the effectiveness and independence of the Parliament of Georgia (Parliament) and other independent oversight institutions, and empowering citizens to hold the government accountable. The Program is working in partnership with the GOG to deliver citizen-responsive governance based on greater accountability, transparency, and institutional independence. It is strengthening accountability systems, procedures, and mechanisms within both governing and independent oversight institutions and enhancing their ability to serve and communicate effectively with the public. Program activities include strengthening the "demand-side" of citizen responsive governance, supporting localization efforts, and empowering Georgian civil society and the private sector to demand accountability of Governance institutions.

To achieve this goal, the program will: a) Increase effectiveness, transparency and accountability of governing institutions; b) Increase effectiveness and independence of oversight institutions; c) Increase citizen demand for government accountability.

http://facebook.com/USAIDNationalGovernanceProgram

Art Gallery Noblesse LLC Corp B

Art Gallery Noblesse is a contemporary space, embracing the creativity of both Georgian and international artists, while dedicatedly curating solo exhibitions. Noblesse serves as a dynamic testament to the profound impact of art on society.

Their primary mission is to champion contemporary Georgian visual art within the global context. Noblesse is committed to forging a unique niche that promotes and elevates the work of Georgian artists, creating a dedicated space for their recognition and appreciation on a global scale.

www.noblesse.gallery

NEW MEMBERS

GGU
Corp B

GGU is a water utility and renewable energy holding company in Georgia, which supplies potable water and provides wastewater collection and processing services to more than one-third of Georgia's population (c. 1.4 million residential and 38,000 commercial customers) and generates electricity through its portfolio of four hydro power plants with an aggregate installed capacity of 149 MW.

ggu.ge

Moore abc, LLC
Corp B

Established more than a decade ago in Tbilisi, Moore abc with a team of open minded and result oriented certified accountants, appraisers and business consultants provides a full scope of services that include audit, assurance, accounting, tax and business advisory services.

Moore abc is a member of Moore Global, one of the world's foremost accounting and consulting networks with roots in London going back over 100 years. Moore global is made up of over 34,000 people across more than 112 countries, which connect and collaborate to take care of your needs - local, national and international.

www.moore-georgia.ge

Olmait LLC
Corp B

Olmait is an innovative IT solutions provider with a strong foothold in Georgia. The company specializes in leveraging Google Cloud services to aid businesses in their digital transformation journeys. With a focus on providing highly efficient and scalable solutions, Olmiat LLC helps clients optimize their operations and tap into the power of cloud computing. Companys' team of seasoned professionals is dedicated to offering tailored solutions that meet clients' unique needs.

www.olmait.com

Padel Island LLC
Corp B

The company mission is to turther general wellness through providing access to padel tennis. The world's quickest growing sport is focused on fun, inclusiveness, community building, accessibility and health.

www.padelisland.ge

Rooms Hotels Lab LLC
Corp B

Rooms Hotels is a young and independent lifestyle hotel brand based in Georgia that has quickly emerged as the premier leader of distinctive hospitality experiences in the region. A proudly independent brand, Rooms Hotels is progressive and continually inspired by the latest evolvingtrends in design, gastronomy and culture.

roomshotels.com

Unfound Door Ltd.
Corp B

Unfound Door, a startup entrenched in Tbilisi since 2019, embarked on a remarkable journey of expansion. Its humble beginnings featured seven hotel rooms within a charming 19th-century building. In a mere four years, it has undergone substantial growth, and today seamlessly incorporates 13 beautiful hotel rooms, an outstanding restaurant, and a vibrant bar. Unfound Door is continuously broadening its horizons, dedicated to providing unique and exciting experiences for its guests, with great attention to detail and enthusiasm.

unfounddoor.ge

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AmCham Georgia:
36a Lado Asatiani Street, 3rd floor. Tel: 2 22-69-07
amcham@amcham.ge

www.investor.ge

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tbilisi@globalinklogistics.com | www.globalinklogistics.com

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For more information contact BGI partners
Sandro Bibilashvili (Sandro.bibilashvili@bgi.ge) or
Giorgi Sarajishvili (giorgi.sarajishvili@bgi.ge)
18, Rustaveli Avenue, 0108 Tbilisi, Georgia
Tel: (+995 322) 470747

WWW.BGI.GE

DENTONS

Resolving disputes across the world.

Otar Kipshidze
Georgia Managing Partner
otar.kipshidze@dentons.com

Avto Svanidze
Partner
avto.svanidze@dentons.com

Dentons Georgia
8a Melikishvili street, Tbilisi 0179, Georgia
T: +995 32 2509300 F: +995 32 2509301

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