

Visiting Vashlovani National
Park—a paradise of flora and
fauna

SME bond issuance expands
funding options in Georgia's
capital market

AmCham Georgia's policy
and legislative engagement
in 2025: a year in review

Investor.



A Magazine Of The American Chamber Of Commerce In Georgia

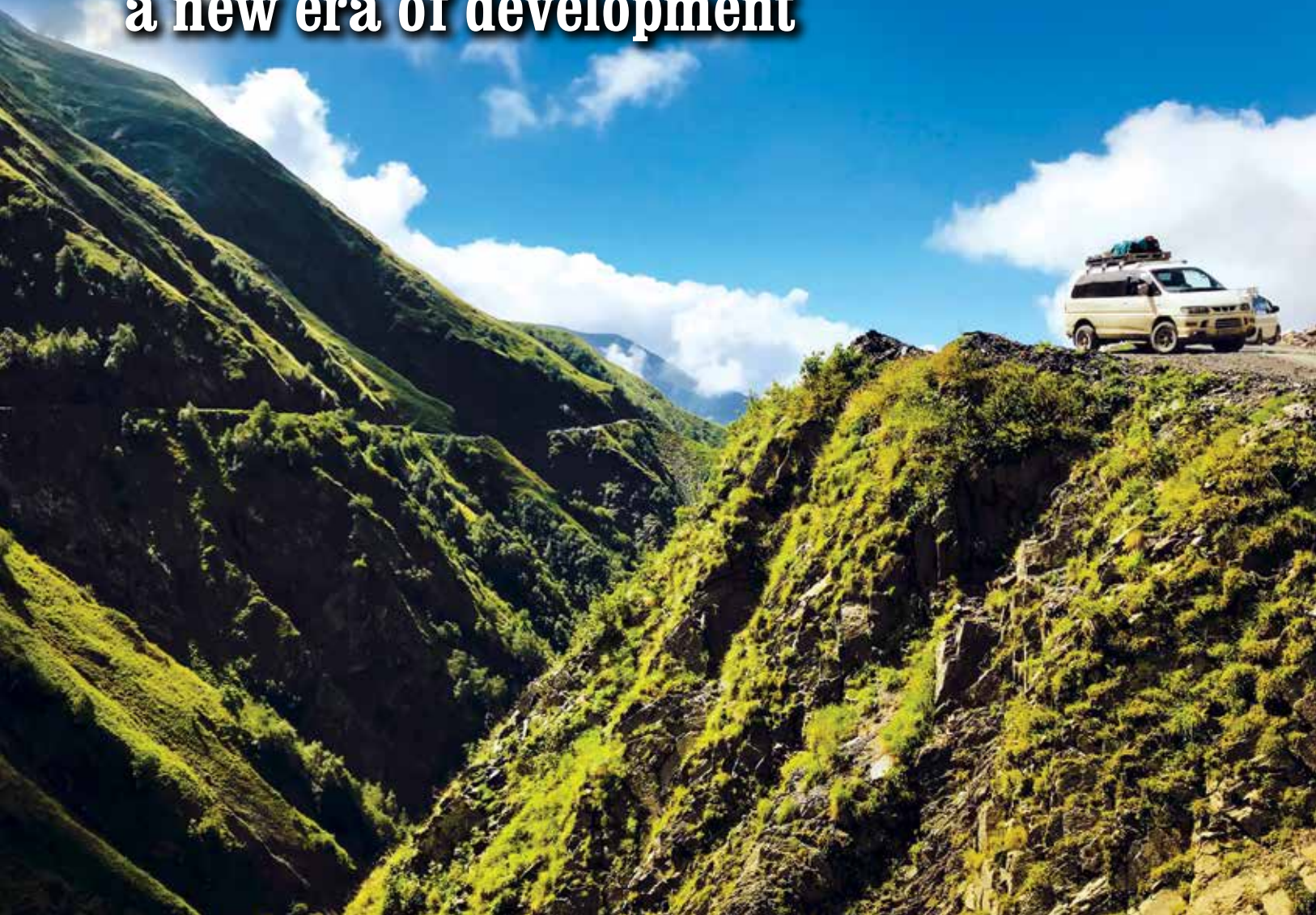
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Beyond the beaten path

Georgia's remote regions face
a new era of development





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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 *BM.ge*

Central bank holds monetary policy rate at 8%

At its November 5 meeting, the National Bank of Georgia (NBG) kept the refinancing rate at 8%, maintaining a “moderately tight” stance as inflation remains above target. Headline inflation stood at 5.2% YoY in October, driven primarily by food prices, while core inflation was closer to the NBG’s 3% target. The bank noted that economic activity was broadly aligned with long-run potential and highlighted global price volatility as a key risk.

FX reserves reach \$5.6 billion

In October 2025, the NBG purchased \$167 million on the FX market, bringing Georgia’s international reserves to \$5.6 billion by month-end. The central bank continues to rebuild buffers after heavy currency-market interventions in 2024, citing geopolitical uncertainties and regional currency pressures.

Tbilisi announces tender for new tram line

In October, Tbilisi City Hall launched a tender for the design and construction

of a major new tram line. The tender covers the preparation of design and budgetary documentation, as well as the construction and installation works for the line.

The new line will run from the intersection of Didi Dighomi’s 3rd and 4th micro districts to the Didube metro station, primarily along Davit Agmashenebeli Avenue, covering a total length of 7.5 kilometers with 11 stops. The project also includes the construction of a tram depot capable of servicing 10 to 11 tram sets, featuring administrative and production facilities, covered storage, washing stations, emergency access points, and all essential engineering systems.

External merchandise trade up 8.6% in Jan–Oct 2025

Preliminary Geostat data shows that Georgia’s external merchandise trade reached \$20.8 billion in January–October 2025, an 8.6% increase YoY. Exports rose 6.8% to \$5.8 billion, while imports grew 9.3% to \$15 billion. The resulting trade deficit totaled \$9.2 billion, or 44% of overall turnover.

U.S. and EU exceed 60% of remittances

According to TBC Capital’s review released in October 2025, the U.S. and EU together accounted for 63% of remittance inflows to Georgia in January–September 2025. Remittances grew 13.7% YoY in September, driven by strong inflows from Italy, Germany, Greece, and the U.S., while inflows from Russia continued to decline.

Passenger traffic rises across all airports

Georgia’s airports recorded double-digit growth in the first nine months of 2025, with passenger numbers rising across Tbilisi, Kutaisi, and Batumi. According to the United Airports of Georgia, total passenger flow grew from 4.6 million passengers in the same period of



2024 to 5.8 million passengers in the first nine months of 2025—a 27% increase YoY. The increase was supported by new routes launched earlier in the year, including India–Georgia and Türkiye–Georgia services.

Digital lari unlikely in near term, NBG says

In late October 2025, the National Bank indicated that it may not proceed with introducing a digital lari. The NBG first began exploring a digital lari concept in 2021–22, following global trends in central bank digital currencies (CBDC) and aiming to evaluate potential benefits for retail payments, financial inclusion, and innovation in digital finance.

However, officials noted in October that Georgia's existing payment ecosystem already provides fast, low-cost, and highly accessible electronic payments, reducing the immediate need for a CBDC. The NBG highlighted several outstanding questions, including privacy safeguards, cybersecurity risks, and the impact on monetary policy transmission, which require further analysis before any pilot can proceed.

Mortgage rates rise as new loans slow

Georgia's mortgage market continued to tighten in January–September as commercial banks raised interest rates in response to global financing conditions and a more cautious domestic credit environment. Data published in October shows that average mortgage rates increased across both GEL-denominated and foreign-currency loans, reflecting higher funding costs, elevated long-term inflation expectations, and the National Bank of Georgia's decision to maintain a moderately tight 8% policy rate. New mortgage issuance declined over the same period, though overall portfolios remained supported by steady housing demand in Tbilisi and Batumi.

Insurance market grows 11% in 9M25

Georgia's insurance sector expanded by 11% YoY in the first nine months of 2025, according to updated market data released by ARDI in October 2025.

The increase in premiums was driven more by price hikes than by a rise in the number of insured clients: in the health-insurance segment, the number of insured persons grew by only 4%, while premium volume increased by 11%. In motor insurance, premiums rose by 20%, whereas the number of insured vehicles increased by 9%.

According to data from the State Insurance Supervision Service, as of September end, the 19 licensed insurance companies in Georgia collected GEL 1.1 billion in premiums from direct insurance activities—an 11.6% increase compared to the same period in 2024.

Rustavi Azot, EBRD sign \$65 million green loan

Rustavi Azot and the European Bank for Reconstruction and Development (EBRD) signed a \$65 million green loan agreement in October 2025, aimed at modernizing Georgia's largest mineral fertilizer producer. The financing package will support a comprehensive upgrade of the company's production facilities, enabling Rustavi Azot to reduce energy consumption, lower emissions, and adopt more resource-efficient technologies in line with international environmental standards.

According to the agreement, the investment will fund the modernization of key production units and the installation of new equipment to improve operational efficiency. A central component of the project includes establishing a new LDAN (Low-Density Ammonium Nitrate) production line, which will help the company expand its product range and strengthen its competitive position in regional and export markets.



AmCham President Irakli Baidashvili and AmCham Executive Director George Welton attending the opening ceremony of the Silk Road Forum 2025.

Construction Cost Index up 4.7% YoY

Geostat reported that the Construction Cost Index increased 4.7% YoY in September 2025, driven by higher wages (+19.2%) and equipment costs (+5.3%). Residential construction saw a 7.5% annual rise, while non-residential and civil construction grew 5.9% and 1.7%, respectively.

Silk Road Forum 2025 held in Tbilisi

The Tbilisi Silk Road Forum 2025 was held in late October, bringing together more than 2,300 delegates from Europe, Asia, and the Gulf, as well as investors and business representatives. The agenda focused on trade, connectivity, logistics, and regional corridor development, positioning Georgia as one of several hubs along emerging Europe–Asia routes.

Discussions and side meetings centered on expanding transport links, improving transit conditions, and exploring new investment opportunities in infrastructure and logistics. Participants from more than 70 countries used the forum as a platform for networking and advancing cooperation on projects that connect markets across the wider region.

► **UAE-based real estate company opens office on back of \$6.5 billion investment announcement**

In October, Abu Dhabi-based real estate company Eagle Hills opened its Tbilisi office, located in the newly renovated historic building of the former Rustaveli Cinema. Georgian officials say that Eagle Hills is prepared to invest over \$6 billion in Georgia, hailing it as “the largest investment in Georgia’s history.”

The projects include large-scale residential, commercial, and hospitality components. The construction of a “green city” in Krtsanisi and a “premium-class resort” in Gonio is set to begin in the coming months, with the Georgian state holding a 33% stake in the project. According to officials, the development will include around 16,000 homes and apartments, hotels with more than 1,400 rooms and apartments, as well as commercial and recreational zones.

First announced in January and hailed by some as a major investment for Georgia, the project has also drawn criticism over the lack of transparency around the state’s involvement in the deal, as well as environmental concerns and claims that estimated returns on the investment have been inflated.

Government moves to enable full ban on single-use plastics

In November, the government announced plans to introduce a comprehensive ban on single-use plastic items, including bags, utensils, and packaging. The measure aligns national standards with EU environmental directives and will involve a phased transition for businesses.

The explanatory note of the proposed amendments highlights severe environmental concerns within the country. International studies indicate that Georgia’s

consumption of single-use plastics is critically high, with the UNDP estimating that 613.5 million units of single-use plastic items are consumed annually in Georgia—equivalent to 3.9–5.9 thousand tons.

Unemployment drops to 13.3% in Q3

According to figures released by Geo-Stat, Georgia’s unemployment rate declined to 13.3% in the third quarter of 2025 — a drop of 0.5 percentage points compared with the same quarter last year.

Key labor market figures for Q3 2025 include:

- Employed persons (salaried): 975.3 thousand — up 0.1% YoY.
- Self-employed persons: 418.4 thousand — down 3.3% compared with Q3 2024.
- Unemployed persons: 213.7 thousand — down 5.4% YoY.
- Employment rate (share of population employed): 47.3%, up 0.2% YoY. ■

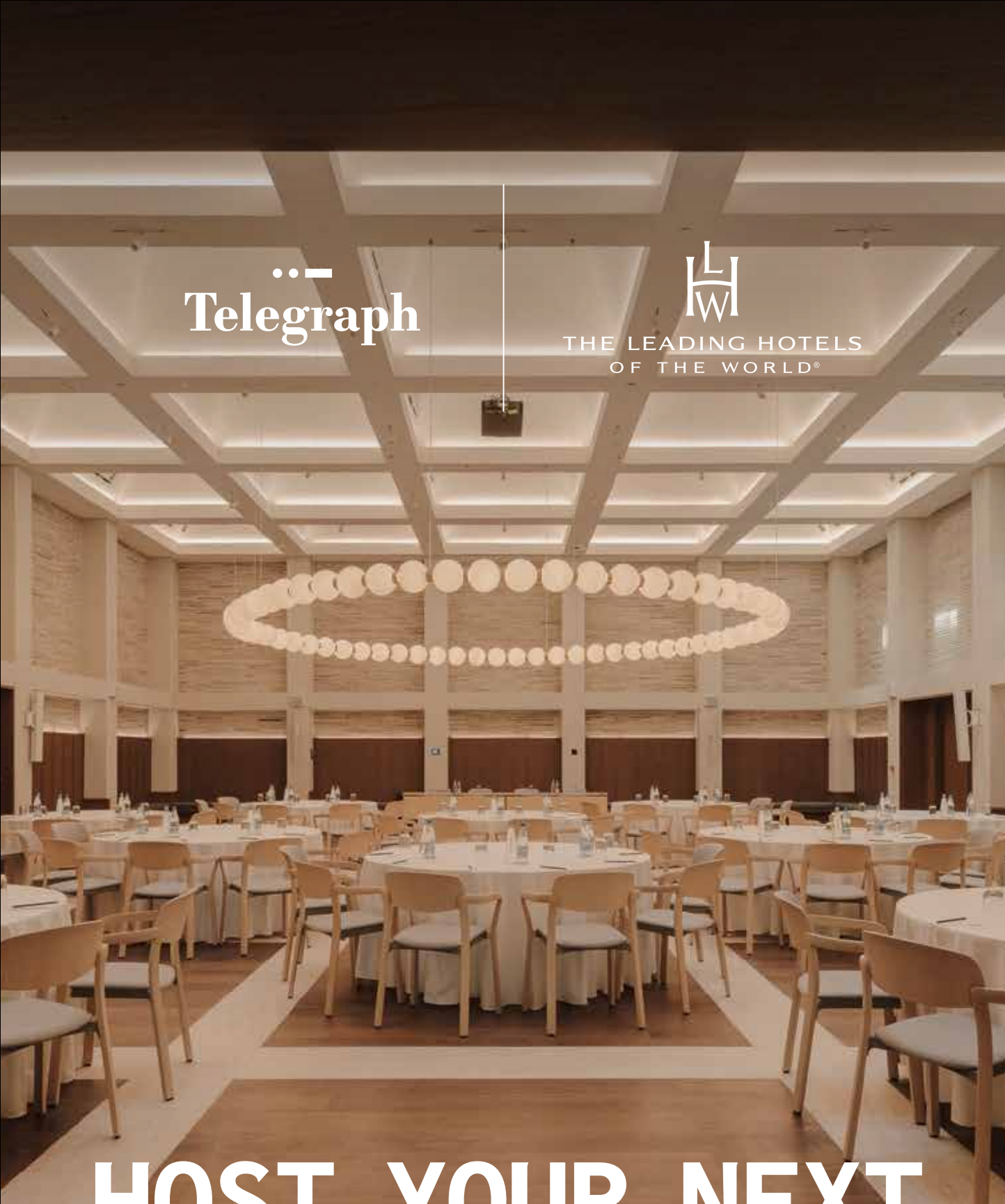


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Beyond the beaten path

Georgia's remote regions face a new era of development

Bit by bit, Georgia is taming its wilderness. The beauty of its forests, steppes, mountains and valleys is being monetized as space for roads, new airports, energy production, resorts, hotels and spas, and rural residences are carved out and put up for tender. Ruins are being put back into use for leisure events, and ancient rough trails are being paved to smooth the way for tourism. Significant moves to modernize motor access to remote mountain areas have also been announced.

SALLY WHITE

As *SlowTravelNews* comments on mountain road developments, joining in other travel agency warnings, visitors should “go now” if they want to enjoy the untouched environment that made regions such as Tusheti unique: “This is great news for accessibility, but it also means the region will likely develop (and change) at a more rapid pace from here on in.”

The country faces what seems to be a dichotomy—a choice between prioritizing preservation of its rural beauty, rural livelihoods, and ecological conservation versus adopting modern infrastructure and industries for economic growth. The core tension is between the potential economic benefits and the potential loss of environmental heritage that could result from the current trend in infrastructure investment. While there are few significant environmental issues that

cannot be either totally prevented or adequately mitigated, this does not always happen.

Even a couple of years ago, the World Bank warned that analysis of the costs of environmental degradation (CoED) pointed to “trends of unsustainable resource use in Georgia.” It added that the CoED on agriculture and forest land, air quality, lead exposure, and Georgia’s coastal zone indicated “negative effects on the country’s economy with costs that include both direct costs and the lost economic opportunities from compromised future resource production potential.” For example, back in 2018, before the major developments along the Black Sea coast, the World Bank put the cost of coastal degradation in the eight coastal municipalities at 5% of their regional GDP.

However, the economic reward for the growth in tourism and consumer

spending that has come from exploiting Georgia's considerable natural assets is indisputably impressive, although only tourism figures are available to give numerical clues. Visitor numbers (which include Georgia's cities) returned to pre-Covid levels last year, and on 5.1 million visits, spending reached \$4.4 billion—up 7.3% on the previous year. In H1 2025, visitor numbers reached 2.3 million—a 6.9% rise on the same time in 2024, and by the end of Q3, 2025 revenue was showing a 5.1% rise at \$3.6 billion, although, again a significant part of this was in Tbilisi and Batumi.

The World Bank describes tourism as having “underpinned” Georgia's economy and its importance as a growth driver; this is also emphasized by the Asian Development Bank, IMF, and the EBRD. According to Geostat, the tourism sector contributes in total around 7% to the country's GDP.

No numbers are available for spend-

ing by those migrating to occupy new rural luxury developments as cities and towns eat up neighboring fields and forests, turning them into the new suburbs. Mtskheta and Saguramo now house thousands of daily Tbilisi commuters. Overall, according to Geostat, the real estate sector, including urban development, contributed 9.9% to Georgia's GDP in 2024.

Development plans

Two growing trends described by property magazine *Tbilisi Property* to its foreign investor subscribers are: “Resort real estate development in Georgian resort towns such as Batumi, Gudauri, and Bakuriani are actively developing, which contributes to the growth of real estate prices in these locations. Investors are increasingly buying apartments for rent to tourists...and.... Due to changes in lifestyle and the desire of residents of large cities to move closer to nature, interest

in houses in the suburbs of Tbilisi and in the regions is growing.”

Nor are there impact numbers of future development for green energy, land-hungry solar in particular. “If Georgia is to increase its energy security and reduce its reliance on energy imports, there is an urgent need to explore indigenous sources of energy supply, and take advantage of its abundant renewable energy resource potential. The government is planning to double generation capacity by 2034, prioritizing hydropower, but also targeting expansions in wind and solar,” states a paper published by Germany's Friedrich Ebert Stiftung economic foundation.

Forecast numbers that are available are for the growth in Georgia's economy helped by tourism and rising consumer spending. The International Monetary Fund gives a figure of \$49 billion for Georgian GDP by 2030, and economic intelligence platform Statista has \$45 bil-



Ushguli



The road to Tusheti has been named by adventure tourists as “one of the most treacherous in the world.”

precipitous and harrowing drives will open up the way to increased and all-year-round tourism. However, some refer to this development not as progress, but the “loss of sentinels” that protected the stillness and culture of this ancient kingdom within a time capsule.

Hundreds of hectares of luxury hotel and residential development are in early phases along the Black Sea coast. The remote hillsides of Upper Adjara and Guria are tempting developers of both summer and winter resorts. Taming of the wilderness around Chutkharo on the borders of Lechkhumi, Racha Kvemo Svaneti would seem an inevitable result of the planned 92 hectare ski resort with ski-lift infrastructure and winter and summer tourist facilities. Tens of hectares in Borjomi-Kharagauli protected area and around Likani are being offered for hospitality and residential development. In the forests and hills around Tbilisi, new luxury residential projects are planned that will also eat up hundreds of hectares. For Kakheti, developers’ drawing boards are covered with new resorts, spas, and residential projects, as well as expansion of existing ones.

Environmental considerations

Georgia’s environment is already fragile. After recent tragedies, no one can claim to be unaware of the threat from climate change. As a Bank of Georgia report outlined: “The country of Georgia faces a bigger threat due to climate change than other countries – because of its geographical location and natural conditions such as its mountainous terrain and Black Sea coast. An estimated 70% of the country lies in geological zones more prone to risk of natural disasters such as landslides and mudslides.” Natural disasters, such as the 2023 melting of hillside permafrost at Shovi, have shown the perils all too clearly.

Sources such as the IMF and Germa-

► lion, against \$34 billion last year.

Tusheti, Khevsureti, and Svaneti are all areas set to see development projects, alongside the ribbon of construction along the Black Sea coast. The alarm has been raised among environmentalists by the completion of two now navigable roads to one of the most beautiful and remote regions of Georgia: Svaneti – and news of another, to even more remote Tusheti.

In Svaneti, in the foothills of the Upper Caucasus, a new hard-surfaced road between Mestia and Ushguli makes that journey faster and safer, while concrete

roads in many of the smaller valleys means the villages in between are now accessible to non-hikers, states online travel site *SlowTravelNews*. A final piece of the puzzle, a now-paved road from Lentekhi to Ushguli, means travelers can drive a loop through Svaneti with no 4WD required.

A tender for rehabilitation of the final section of the 50-year-old Pshaveli-Abano-Omallo road, which traverses the Abano Pass at an altitude of 2,950 meters and is the only way into Tusheti, was announced in October. Removing the logistic obstacles to access created by the

ny's GIZ warn that climate change poses significant costs to Georgia, potentially costing \$10 to \$12 billion in adaptation costs between 2021 and 2030; and without proper measures, IFIs project negative GDP change of up to 34.2 billion GEL over a longer period. These costs stem from the high vulnerability of the country's geography to disasters like landslides, droughts, and floods, which threaten agriculture, infrastructure, and public health, with impacts on key sectors like hydropower and tourism.

An online search shows limited concern about over-tourism, with the exception of local complaints of "overcrowding" in Svaneti, but a lot about low-spending tourists and sustainability. Acknowledging the need to conserve the country's environment and resources, the Ministry of Tourism's report Georgia Tourism 2025 focuses on the need to increase numbers of high-spending tourists as opposed to those from local spending in neighboring countries. As it infers, by encouraging higher spending and longer stays, tourism becomes more sustainable. This would contrib-

ute "more meaningfully to local economies rather than allowing the continued growth of low-value mass tourism that may strain infrastructure and the environment."

Several initiatives have been undertaken to protect the country's environment and natural resources, focusing on climate change mitigation, sustainable waste management, forest protection, and biodiversity conservation. Georgia has significantly expanded its network of national parks and protected areas, with their size nearly tripling to cover over 13% of the country's territory, according to the UNDP and the Ministry of Environment. The authorities have committed to increasing protected areas to 30% by 2030.

This is paying off in terms of tourism. Georgia's national parks saw a 20% increase in visitors compared to the same period in 2024, with 662,205 people visiting protected areas between January and July. Of these, 54% were foreign nationals. However, these numbers are driving concern about the volume of new infrastructure they might attract.

Georgia gets both praise and criticism in the latest UNDP report on protected areas: "Georgia is one of the few countries globally where protected areas are a national priority. Significant progress has been made to expand the protected areas network in the past decades, supported by legislative-institutional reforms..." However, it adds: "Despite progress, threats to globally significant biodiversity in Georgia from socio-economic development and climate change are exacerbated by ineffective implementation and enforcement of legislation and policies on Protected Areas."

To address critical issues, the government is promoting sustainable tourism and environmental protection (though effectiveness in controlling large-scale projects is debated). Green Economy projects like GRETA (Green Economy: Sustainable Mountain Tourism and Organic Agriculture) aim to support sustainable tourism and organic agriculture in Georgia's mountain regions by improving the business environment and creating new income opportunities. In 2021, the government launched a ten- ▶▶





Tusheti

- year eco-tourism strategy aimed at safeguarding the environment and sustainably managing natural resources.

Georgia is, of course, far from being alone in facing severe challenges to the incursion of urban expansion and infrastructure development into its environment. France has been driven to legislate to enforce zero net increase in artificial

surfaces by 2050, with a mid-term objective of halving land take by 2030 to restrict the spatial distribution of new developments. The EU Nature Restoration Law, adopted in mid-2024, requires member states to develop national plans by mid-2026 to restore at least 20% of the EU's land and sea by 2030, and all ecosystems needing restoration by 2050.

Regions like the European Alps have long had restrictions on second homes to control resort expansion and preserve landscapes.

As of yet, Georgia has no long-term economic strategy that will protect the country's wildernesses, or control development generally. However, the government has just announced that it is working on one that will be nationwide and economically all-encompassing. As far as the urban creep into the countryside is concerned, Georgia's urbanization rate stands, says a Business & Technical University report, at 61% – between the 80% of the population often seen in developed countries and the under-60% of many developing ones. According to projections, by 2050, the urban population will reach 70%, meaning that Georgia's urban infrastructure will face even greater pressure, pushing even more residential developments' incursions into the countryside. ■

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Warm Winter Escape | 1 December 2025 – 31 January 2026

Celebrate the magic of the season with our Warm Winter Escape - a limited edition spa journey designed to rejuvenate your body and uplift your holiday spirit. Immerse yourself in comforting aromas and nourishing ingredients for the ultimate festive indulgence at Spa P'auza.

Christmas Tree Lighting Ceremony | 6 December 2025

Join us for a magical evening filled with holiday cheer, sparkling lights, joyful music, and heartwarming moments. Celebrate the beginning of the most wonderful time of the year with family, friends, and the dazzling glow of our Christmas tree.

Gingerbread Display | 6 December 2025 – 16 January 2026

Immerse yourself in the sweetness of the season with our enchanting Gingerbread Display in the hotel lobby. A delightful holiday tradition that brings joy to all ages - where artistry, aroma, and Christmas spirit come together.

Stollen & Cookies at Lobby Bar | 6 December 2025 – 16 January 2026

Take the taste of Christmas home! Enjoy freshly baked German stollen and festive cookies, made with love by our pastry chefs - the perfect gift or sweet indulgence to share with family and friends this holiday season.

Sheraton Craft Fair | 20 December 2025

Step into a world of creativity at the Sheraton Craft Fair! Discover unique handmade gifts, festive decorations, and artisanal treats - the perfect way to find one-of-a-kind presents and experience the magic of the holiday season.

Christmas Eve Celebration at ATI | 24 December 2025

Experience a magical Christmas Eve dinner at ATI Rooftop Restaurant. Indulge in a specially curated festive menu, sparkling city views, and live music - creating unforgettable memories high above Tbilisi.

New Year's Eve Gala Dinner | 31 December 2025

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FROM TBILISI TO TASHKENT:



what we learned taking BLC global

Over the past decade, the growing confidence of Georgian businesses has been mirrored by their increasing appetite for regional and international expansion. Whether driven by the search for new markets, the need to diversify operations, or to position themselves within global value chains, more Georgian enterprises are crossing borders – and discovering both opportunities and complexities along the way.

At BLC Law Office, our own recent expansion to Uzbekistan provided first-hand insight into the strategic, regulatory, and cultural considerations that come with such a move. Below, we share key lessons and reflections that may assist other Georgian businesses embarking on a similar journey.

1. Understand the regulatory landscape early

Every jurisdiction presents its own regulatory and licensing environment – and assumptions based on Georgian practice rarely hold true abroad. Before committing to a new market, it is essential to map out the local legal and administrative framework: how businesses are registered, what foreign ownership restrictions apply, how taxation and currency controls operate, and what the local employment rules require.

In our case, early engagement with Uzbek legal advisors was instrumental in identifying compliance requirements and avoiding procedural pitfalls. A thorough regulatory assessment at the outset saves time, resources, and reputational risk later.

2. Build strong local partnerships

As the proverb reminds us, “If you want to go fast, go alone; if you want to go far, go together.” Local partnerships are the backbone of successful international ventures. Beyond providing operational support, they help navigate informal business practices, language barriers, and cultural nuances.

In Uzbekistan, we found collaboration with local consultants and professional networks, as well as other Georgian businesses already operating in Uzbekistan, invaluable – not only for legal and administrative integration, but also for understanding client expectations and business etiquette.

For Georgian investors, identifying reliable in-country allies – be they legal, financial, or strategic – can dramatically accelerate the learning curve and strengthen credibility in the new market.

3. Align corporate culture with local realities

While Georgian business culture is known for flexibility and relationship-driven engagement, international operations often require structured processes and a sensitivity to different workplace expectations. Successful expansion depends on balancing consistency in corporate values with adaptability to local norms.

For BLC, ensuring our Tashkent office reflected the same professional standards and ethics as our Tbilisi headquarters, while adapting to local working styles, was key to building trust both internally and externally. “When in Rome, do as the Romans do,” as the saying goes – but the real art lies in doing so without compromising your core values.

4. Invest in compliance and risk management

Expanding abroad means operating under dual obligations – both Georgian regulations (for reporting, taxation, or AML purposes) and those of the host country. Establishing clear internal compliance protocols is therefore critical. Data protection, anti-bribery measures, and cross-border tax reporting are particularly sensitive areas.

Our experience confirmed that proactive compliance planning and transparent governance are not mere formalities – they are competitive advantages that build long-term trust with regulators and clients alike.

5. Maintain strategic patience

International expansion is rarely a sprint. Administrative processes may take longer than expected, business development cycles may be slower, and relationship

building requires genuine commitment. Patience, coupled with consistency and visibility, ultimately determines success. At BLC, we view our expansion to Uzbekistan not as a one-off venture, but as an investment in a long-term regional presence. This perspective has helped us maintain focus amid inevitable start-up challenges.

To conclude, Georgia's entrepreneurial ecosystem is increasingly outward-looking. As more Georgian companies set their sights on neighboring and global markets, thoughtful preparation, cultural awareness, and robust compliance remain the cornerstones of sustainable international growth. Our experience in Uzbekistan reaffirmed that expansion is not simply about entering a new geography – it is about building bridges between business environments, sharing know-how, and contributing to the regional integration of Georgian enterprise.



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A paradise of flora and fauna

ELIZABETH LAVIS

The name Vashlovani comes from the Georgian word *vashli*, meaning apple, but you won't find apple orchards in this southeastern Georgian National Park. Instead, you'll see fields of twisty, squat pistachio trees, sprawling glens covered in gently waving feather grass, and plunging canyon walls studded with maritime fossils—a tangible reminder of how this part of Georgia used to be at the bottom of an ancient sea.

The unique flora and touchable, hikeable history are two key reasons to make the trek to this fantastic place, which sits right on the border of Georgia and Azerbaijan; it's also a paradise for wildlife. In 2022, UNESCO recognized the Dedoplistskaro Biosphere Reserve for its incredible biodiversity, including 90 bird, 52 mammal, and 30 reptile species.

Getting to Vashlovani

The easiest way to get to Vashlovani is by car, although you can also take a *marshrutka*, or minivan, from Tbilisi to Signaghi and travel the rest of the way to Dedoplistskaro by taxi. Dedoplistskaro

is the closest town to Vashlovani National Park and a great place to spend the night before setting off bright and early the next day.

You'll need a vehicle with four-wheel drive in the park. Most of the roads and



trails aren't paved, and you will find yourself crossing dry riverbeds, bouncing along the canyon floor, and occasionally fording a stream or two. If you're not up for the varsity-level challenge, hire a driver. Not only will they be able to help you get around the park, but most drivers are extremely knowledgeable about the area and make great guides.

Biomes and biodiversity

Vashlovani National Park is massive, spanning 353 square kilometers (136 square miles), and contains five distinct biomes: semi-desert steppe, deciduous forest, arid sparse forest, desert, and semidesert. You can explore much of it on foot or by vehicle, but there are protected areas where it's absolutely forbidden to hike. These spots are for Vashlovani's elusive animals, like the Caucasian leopard, which was last seen by human eyes in 2009 but is believed to be roaming the deepest and wildest parts of the park.

The winter months are a great time to see migratory birds of prey, like the Grif-

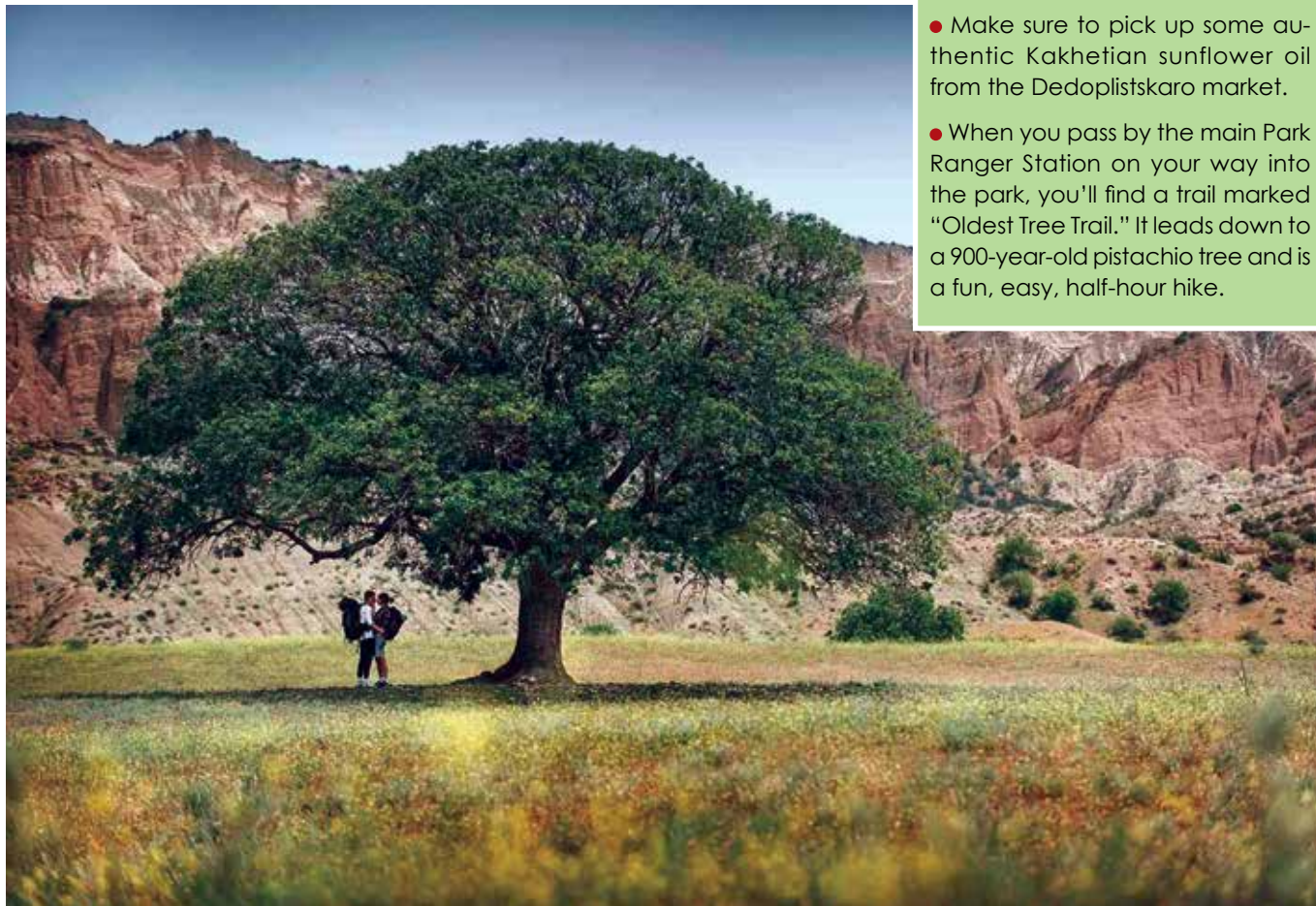
fon Vulture and Steppe Eagle. Find these animals in places like Eagle Canyon, a moderately difficult loop trail that offers amazing views of the gorge. Keep your eyes peeled for larks and quail in the grasslands and steppe areas, and water birds like the Dalmatian Pelican near the Alazani floodplain. If you camp at Minjinskure, you'll have the opportunity to spot all manner of river birds surveying the Alazani River and swooping down for fish.

One of the most exciting creatures to try to spy in Vashlovani is the gazelle. These animals were hunted to the point of near-extinction but are now flourishing in the steppe near Minjinskure. Keep a watch for movement on the horizon and the telltale snowy rear ends of prancing gazelle. If you have binoculars, now is a great time to use them.

Other animals include the striped hyena, found in the pistachio forests, brown bears, grey wolves, and the Lebetine viper, the most venomous snake in Georgia. Fortunately, in addition to the Caucasian Leopard, Vashlovani is home ►►

INSIDER TIPS

- You'll need a permit to enter the park, which your driver can secure for you. Bring your passport and prepare to go through a few checkpoints, including one near the Minjinskure camping area.
- Social media platforms like Facebook and Instagram are great for finding drivers. If you're staying in Dedoplistskaro, you can also ask your hosts for recommendations.
- Cell phone reception is not reliable, so if you're doing long-haul or off-the-grid hikes, consider bringing a satellite phone.
- Stay completely out of the restricted areas, both for your safety and that of the animals.
- If you get bitten by a snake, don't panic. There's a good hospital in Dedoplistskaro that has anti-venom for the viper species found in the park.
- There's an abandoned Soviet airfield known as Big Shiraki near the entrance to Vashlovani. It's well worth visiting, and you can even see inside some of the hangers.
- Make sure to pick up some authentic Kakhetian sunflower oil from the Dedoplistskaro market.
- When you pass by the main Park Ranger Station on your way into the park, you'll find a trail marked "Oldest Tree Trail." It leads down to a 900-year-old pistachio tree and is a fun, easy, half-hour hike.





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▶ to smaller felines, which prowl the campsites near Minjinskure and keep the snakes at bay.

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Staying off the grid

It's advisable to spend a few days in Vashlovani National Park so you can take your time hiking and exploring. Minjinskure Campsite is an ideal place to pitch a tent. You can also stay in a bungalow with bunk beds, a kitchenette, and bathroom facilities.

Minjinskure is a fairly well-appointed campsite with running water, electricity, picnic tables, and plenty of flat places to set up camp. If you want to make a bonfire, you need to bring your own wood, as it's strictly forbidden to collect wood from Vashlovani. Cell phone service is spotty—or nonexistent—virtually anywhere in the park, but there's a small wooden stand right near the ranger station close to Minjinskure, where you can supposedly get reception. The trick is to position your phone so it's facing the proper angle, then check the bars.

Spending the night in Minjinskure allows you to have a leisurely drive back, maybe even stopping at the mud volcanoes on the border of Georgia and Azerbaijan before hitting the road back to Tbilisi. ■





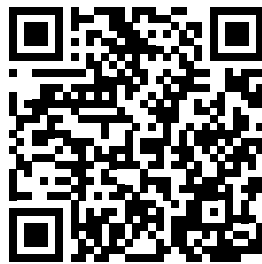
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In May, the Investors Council co-organized an event with AmCham in Borjomi that brought active CLT Committee members together for an in-depth examination of the Law on Entrepreneurs' provisions.

AmCham Georgia's policy and legislative engagement in 2025: a year in review

LINA JIKIA

Throughout 2025, AmCham Georgia continued to play a leading role in contributing to the country's legal and regulatory environment, engaging closely with the private sector and international development partners. AmCham's committees—most notably the Corporate Law & Tax (CLT) Committee—remained active in reviewing and formulating recommendations for key legislation that significantly impacts Georgia's business climate. From corporate governance reform and tax policy to labor migration, arbitration, and sector-specific developments, AmCham's contributions in 2025 were both substantive and strategic. Several of these efforts were reflected in dedicated articles published in *Investor*, ensuring informed dialogue within the wider business community.

Advancing corporate governance: finalizing reforms to the Law on Entrepreneurs

One of AmCham's long-running policy initiatives reached its culminating phase in 2025. The CLT Committee continued its multi-year work on proposed amendments to the existing Law on Entrepreneurs, Georgia's foundational corporate governance legislation that was recently updated to align more closely with EU standards.

Over a two-year period, the CLT Com-

mittee worked in close coordination with the Investors Council (IC), undertaking a comprehensive review designed to address interpretational ambiguities and enhance clarity in real-world application.

Through its policy work, the committee identified several challenges in the proposed legislative reforms. These included: misapplication of complex joint-stock company requirements to LLCs, creating unnecessary and impractical governance burdens; unclear definitions and regulatory ambiguity, including undefined disclosure obligations that left room for inconsistent interpretation and unpredictable compliance risks; and inflexible rules for meetings and decision-making, including no clear provisions for remote decision-making, which limits efficiency and is misaligned with modern corporate practices.

In 2025, the reform effort entered its final stage with two intensive working sessions.

- The first session, co-organized with the Investors Council in Borjomi, gathered active CLT Committee members for two days of in-depth examination of the law's provisions. Participants reviewed legal articles line by line, identified areas requiring clarification, and agreed on specific amendment proposals.

- A subsequent full-day session in Tbilisi later in the year was dedicated to finalizing the consolidated package of recommendations, aligning viewpoints

across stakeholders, and agreeing on precise language for draft amendments.

The resulting draft package was incorporated into the Investors Council's broader legislative submission prepared for presentation to the Georgian Parliament, marking the conclusion of AmCham's contributions to the review process.

AmCham's perspective on these developments were outlined in a February–March 2025 *Investor* piece, which summarized key business concerns, the practical challenges created by current provisions, and the committee's recommendations for a clearer, more predictable, and business-friendly corporate governance environment.

Responding to new regulatory proposals: reviewing FARA legislation

Following the introduction of the Foreign Agents Registration Act (FARA) legislation in the spring of 2025, the CLT Committee launched a review process. The committee convened legal practitioners to examine the draft law and anticipate its practical impact on various actors. Discussions focused on the operational consequences and registration requirements as the committee aimed to understand how the regulation would function in practice. These discussions ensured that the AmCham CLT Committee members were substantively informed about the scope of this new legislation.

Labor migration law changes: addressing practical challenges for foreign workers and employers

Substantial amendments to Georgia's Labour Migration Law entered into force in early summer 2025, with far-reaching implications for foreign nationals engaged in economic activities in the country. The CLT Committee undertook a detailed review to assess the practicality and immediate impact of the new framework.

Key concerns identified included:

- overly broad or undefined terms, including “self-employed foreigner”;
- potential applicability to entrepre-

neurs, foreign company directors, remote workers, or shareholders with limited ties to Georgia;

- possible requirements for visas and work permits for short-term visits;
- significant financial penalties;
- wide-ranging labor inspectorate powers;
- immediate enforceability of deportation orders pending appeal.

To support informed dialogue, a formal position paper produced by the CLT Committee was submitted to the Investors Council recommending clarification of definitions, refinement of applicability criteria, and improvements to the predictability of enforcement. The committee emphasized the need for balanced regulation that protects the labor market while supporting international investment and mobility.

With input from practitioners and committee members, these issues were examined in an October–November 2025 *Investor* piece, outlining how the recent tightening of labor migration rules affects employers, the new compliance expectations, and the practical challenges companies may begin to encounter.

Strengthening the tax environment

Throughout 2025, the regulatory environment around taxation remained a core focus for the CLT Committee. AmCham continued its active participation in the Investors Council's tax working group, while also holding multiple internal consultations to consolidate business concerns.

Topics discussed included:

- How statute-of-limitation periods for tax assessments and corrections can be extended, ensuring they are extended only once and apply equally to both the

tax authority and the taxpayer.

- Rules on dividend distribution to prevent the same profit from being taxed twice when distributed through multiple layers of ownership.
- Tax advisor's authorization to represent clients in court.
- General tax administration practices.

These consolidated recommendations were shared through the Investors Council to support evidence-based policy dialogue with counterparts, with the goal of improving compliance certainty and strengthening trust between the business community and tax authorities.

Arbitration: supporting reform of dispute resolution mechanisms

The CLT Committee also continued its engagement on arbitration matters, examining challenges faced by arbitration institutions, arbitrators, and businesses.

Following AmCham's active engagement at the Investors Council, the Prime Minister instructed the council to establish a dedicated working group in 2024 to assess these issues and explore draft amendments to the Law on Arbitration.

The committee identified several concerns around current arbitration practices in Georgia, including struggles with inconsistent court practices that deviate from international standards, low business awareness and uptake (particularly among SMEs and in the regions), and remaining gaps in procedural clarity and judicial capacity that undermine predictable enforcement. It also provided key recommendations, including refinement of the country's arbitration legislation to limit unnecessary judicial intervention, an expansion of training

and awareness for relevant stakeholders, and strengthening of practical enforcement so the country can credibly position itself as a reliable regional arbitration hub.

AmCham also held a roundtable discussion in November featuring Georgian arbitration experts for its members to explore the changing nature of arbitration in Georgia. Key topics included the pros and cons of arbitration, its potential time and cost advantages, and recent trends in setting aside and enforcing arbitral awards.

With input from the committee's arbitration experts, a June–July 2025 *Investor* article reviewed Georgia's recent arbitration reforms, as well as the gaps that continue to undermine trust in dispute resolution, and the steps needed to create a more reliable system for businesses.

Launching the healthcare committee

In April 2025, AmCham Georgia launched a new Healthcare Committee in response to member interest and increasing sectoral significance. The inaugural meeting brought together a diverse group of stakeholders, including hospitals and medical institutions, insurance and pharmaceutical companies, Big Four firms, laboratories, and IT providers for the healthcare industry.

The committee's early discussions covered a broad range of systemic priorities, including:

- alignment of Georgia's healthcare regulations with EU standards,
- development of specialized educational and certification programs,
- addressing gaps in medical and rehabilitation services,
- strengthening professional training,
- digitalization of healthcare systems,
- promoting opportunities in healthcare and medical tourism,
- attracting foreign investment in clinical, academic, and technological sectors.

Given the scale and diversity of issues, plans are underway to form subcommittees in 2026 to ensure structured, sector-specific workstreams. ■

In November, AmCham held a roundtable for its members to explore the changing nature of arbitration in Georgia.



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From Dominance to Dialogue: How FIDIC contracts reshape employer–contractor relations

Ketevan Shervashidze

1. Introduction

Construction is one of the most dynamic and transformative sectors, fundamentally shaping the way modern societies grow and connect. Across regions, we see cities expanding and previously undeveloped areas evolving through construction and complex infrastructure initiatives — and Georgia is no exception. According to recent research conducted by Geostat, Georgia is experiencing a steadily increasing trend in the implementation of construction and infrastructure projects¹. This growth is particularly evident in urban expansion, road and energy networks.

As projects grow in scope and complexity, the limitations of traditional, one-sided contractual models become more apparent. In Georgia, employer–contractor relationships have long been governed by bespoke contracts, often drafted solely by the employer and heavily skewed in their favor. These agreements frequently lacked transparency, equitable risk-sharing, or credible dispute resolution tools.

The employer — as the project financier — has traditionally sought to complete projects as swiftly and cost-effectively as possible, often relying on rigid, unilateral contracts to maintain control and minimize liability. Contractors were rarely in a position to negotiate. Winning the project often meant accepting unfavorable terms without recourse.

But this dominant model has proven unsustainable. It creates mistrust, increases the risk of disputes, and undermines the collaborative mindset required for successful delivery. Today, there is a growing recognition — among both private and public sector clients — that contractors are not adversaries to be controlled, but vital partners in a shared objective: delivering infrastructure that meets timelines, quality standards, and public needs.

2. A Shift Toward Fairer Contracts: How FIDIC Is Changing the Rules

The traditional, employer-dominated model of contracting is gradually giving way to a more balanced and partnership-based approach. This shift is not just legal or procedural change — it reflects a profound transformation in how project participants define their roles and responsibilities.

FIDIC contracts have played a key role in this transformation. With their emphasis on fairness, clarity, and cooperation, FIDIC standardized forms are increasingly used in Georgia, particularly in donor-financed and high-value public projects. These contracts promote transparency and structured collaboration — features essential for maintaining trust and continuity in complex project environments.

Unlike bespoke contracts, which often vaguely define obligations and shift risks to the contractor, FIDIC contracts clearly define the roles of the employer, contractor, and engineer. This clarity prevents misunderstandings and creates a contractual environment where cooperation is not only possible but expected.

3. How FIDIC Helps the Contractor in Negotiations and to Overcome the Employer's Dominant Position.

3.1. The Golden Principles

While FIDIC's General Conditions can be modified to suit the needs of a particular project, the organization has developed five Golden Principles (hereinafter “GP”) to ensure that the core values of the contract are maintained. These principles serve as a benchmark for assessing whether a modified contract reflects the spirit of fairness, clarity, and cooperation advocated by FIDIC, and they offer contractors a practical basis to negotiate:

GP1: “The duties, rights, obligations, roles, and responsibilities of all the Contract Participants must be generally as implied in the General Conditions and appropriate

to the requirements of the project².” This principle prevents the parties from modifying the contract terms in a way that undermines its balance or intent.

GP2: “The Particular Conditions must be drafted clearly and unambiguously³.” In practice, there are frequent cases where a contracting party intentionally formulates certain provisions of the contract to make them ambiguous and allow for different interpretations. This ambiguity is especially problematic when it comes to the main rights and duties of the parties. GP2 ensures clarity in how duties and authority are distributed.

GP3: “The Particular Conditions must not change the balance of risk/reward allocation provided for in the General Conditions⁴.” Risk allocation is one of the most important factors that is always under consideration by the parties during the negotiation process. For fair risk allocation in construction, the Abrahamson Principles, developed by Max Abrahamson, are often used. These principles suggest that risk should be assigned to the party who can best control and manage it⁵. These principles, later refined by Dr. Nael Bunni, are also adopted by FIDIC and integrated into GP3.

GP4: “All time periods specified in the Contract for Contract Participants to perform their obligations must be of reasonable duration⁶.” In terms of exercising specific rights and obligations, the term “reasonable time” is often used in contracts. This term seems subjective and often becomes subject to interpretation by dispute resolution bodies. In this regard, FIDIC offers the contracting parties a fixed time bar with reasonable time limits, which becomes a tool for contractors to use in response to the employer's attempt to revise the timeframes proposed by FIDIC.

GP5: “Unless there is a conflict with the governing law of the Contract, all formal disputes must be referred to a Dispute Avoidance/Adjudication Board (or a Dispute Adjudication Board, if applicable) for a provisionally binding decision as a condition precedent to arbitration⁷.” This maintains structured procedures for claims and disagreements and gives contractors a formal and enforceable process to assert their rights. The advantages of using a DAB/DAAB will be outlined in the following section.

3.2. Dispute Avoidance and Resolution Mechanisms: Another Strategic Tool for the Contractor

FIDIC contracts offer contractors another powerful advantage-system that ensures dispute prevention and resolution. These mechanisms are not just reactive tools for when something goes wrong—they are preventive mechanisms that strengthen the contractor's position from the very beginning of the negotiation process.

FIDIC contracts place particular emphasis on identifying and resolving issues at an early stage, before they escalate. This is achieved through clearly defined procedures such as:

- Reporting claims within specified time limits,
- Maintaining detailed records,
- Engaging in structured dialogue with the engineer or employer's representative.

These steps create a transparent environment where contractors can raise their concerns without fear that their claims will be unilaterally rejected or delayed.

3.3. Dispute Boards as a Neutral Ground for Fairness

One of FIDIC's most effective tools is the use of **Dispute Avoidance/Adjudication Boards (DAABs)**. These are independent panels appointed at the start of the project, tasked with:

- Helping parties resolve disagreements informally,

¹ Geostat – Construction Statistics: <https://www.geostat.ge/en/modules/categories/80/construction>.

² FIDIC, the FIDIC Golden Principles, First Edition, 2019. Available at: https://fidic.org/sites/default/files/_golden_principles_1_12.pdf.

³ Ibid.

⁴ Ibid.

⁵ RISK MANAGEMENT, MAX W. ABRAHAMSON, (Mod), B.A., LL.B. Available at: <http://alliancecontractingelectroniclawjournal.com/wp-content/uploads/2017/04/Abrahamson-M.-1984-%E2%80%98Risk-Management%E2%80%99.pdf>.

⁶ FIDIC, the FIDIC Golden Principles, First Edition, 2019. Available at: https://fidic.org/sites/default/files/_golden_principles_1_12.pdf.

⁷ Ibid.

- Issuing decisions when disputes arise, and
- Maintaining continuity and trust throughout the project lifecycle.

For contractors, the presence of DAAB provides reassurance that disputes will be handled by a neutral body.

In Georgia, however, employers — especially public institutions — often try to remove the DAAB mechanism from contracts. This may be due to two main reasons:

1. The concept of a DAAB sounds unusual or unfamiliar in the context of Georgian legal traditions.
2. DAAB decisions are binding but not final. Since disputes can still go to arbitration afterward, some parties don't see the value in having an intermediate body whose decisions are not immediately enforceable.

However, it is important to understand that the resolution of disagreement through DAAB (Dispute Avoidance and Resolution Board) is much cheaper and faster than taking a case directly to arbitration. DAAB helps to resolve issues in a timely manner, maintains project continuity, and avoids lengthy and costly legal disputes — which is why it is widely used in international projects. This is especially effective when DAAB is appointed on a Standing basis, from the very beginning of the project. Such a board is involved in the process throughout the project, is well informed with its progress and context, which allows it to quickly and effectively resolve issues before they turn into serious disputes. This continuous involvement further increases the efficiency of the process and reduces costs.

Considering all above, when negotiating contract terms, contractors can reference these mechanisms to:

- Push back against clauses that attempt to bypass or weaken the dispute resolution process,
- Ensure that timelines for claims and responses are realistic and enforceable,
- Advocate for the appointment of a standing DAAB rather than an ad hoc one — especially in long-term or high-value projects.

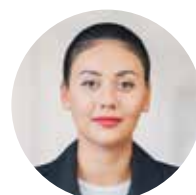
By doing so, contractors not only protect their rights but also demonstrate a commitment to structured, professional project governance — a quality that many employers and donors value.

4. Conclusion

The evolution of Georgian construction contracts reflects a global trend — a movement from client-centric control to balanced and collaborative partnerships. FIDIC contracts have played a central role in this transformation — offering contractors not only a fair framework, but also practical tools with which they can protect their rights and negotiate on a level playing field.

Through a structured format, Golden Principles and dispute resolution mechanisms, FIDIC enables contractors to challenge unbalanced terms, clarify responsibilities and ensure fair allocation of risks. These features help build trust, reduce conflict and increase transparency — essential for the implementation of all successful projects.

As more public and private sector entities in Georgia adopt FIDIC standards, the construction industry is gradually adopting a new approach: a culture of dialogue and partnership instead of dominance and control. This change is not just contractual — it's cultural. And it represents a significant step forward in how infrastructure projects are planned, managed, and implemented.



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Prices grow as orchards wither in Georgia's hazelnut sector

Global shortages are pushing hazelnut prices to record highs — just as Georgian orchards face one of their worst disease outbreaks in years.

LANA KOKAIA

Georgia is having one of its strongest hazelnut export seasons in recent memory. Prices are soaring, demand from Europe is solid, and farmers are seeing unusually high returns. Between August and late September alone, the country exported around three thousand tons of hazelnuts worth roughly \$25 million—with Italy, Germany, and Spain dominating the buyer list.

But beneath the headline numbers is a more complicated story: one in which bumper prices coexist with shrinking harvests, spreading disease and growing concern among producers.

High prices, lower harvests

Export prices for both Turkish and Georgian hazelnuts have nearly doubled

compared to last year, driven by global shortages and reduced yields in competing countries. Signs of this dynamic were already evident last season. In 2024, Georgia exported 8,806 tons of hazelnuts worth \$56.1 million — a 7.2% increase in value, despite a 20.9% drop in volume. The average export price climbed dramatically, from \$4.69/kg in 2023 to \$6.37/kg in 2024.

Analysts attribute this surge to global shortages, reduced harvests in competing countries, and continued strong European demand. Turkey, the world's largest hazelnut producer, saw an estimated 40% of its orchards affected by a severe insect-related disease — a shock that pushed prices upward worldwide. Georgian producers have benefited directly.

Hazelnut pricing depends heavily on kernel yield after cracking. This year, cracked hazelnuts are selling for around GEL 30/kg, while high-quality in-shell nuts command GEL 12–13/kg. Lower quality nuts fetch only GEL 2–3/kg. A 40% kernel yield is considered strong: “If a farmer cracks hazelnuts at least three times, the yield will be 40–43%, and they

can get a good price —around GEL 12–13 per kilo,” says Chairman of the Georgian Hazelnut Producers Association Merab Chitanava.

A fast-spreading disease threatens orchards

Yet high prices have not eased the sector's underlying vulnerabilities. After years spent fighting the Asian brown marmorated stink bug, hazelnut growers in western Georgia are now battling a new and fast-spreading bacterial disease that is causing trees to dry up rapidly.

The problem, now in its third year, is accelerating. Chitanava says his own orchards in Samegrelo illustrate the scale of the damage: last year 10–15% of his trees dried up; this year it is nearly half.

According to the Georgian Hazelnut Producers Association, around 10% of hazelnut plots in western Georgia—roughly 7,000 hectares—have already been affected, with trees turning yellow in midsummer and losing their leaves within days. Early research by state and international experts has pointed to

a combination of bacterial and fungal pathogens, a complex diagnosis that makes treatment more challenging. The disease spreads easily through contact, pruning tools, and cultivation work.

Experts recommend multiple annual treatments with copper-based formulations, but aggressive disease management is expensive and labor-intensive, particularly for small family farms.

Subsidies help — but fall short

The government's GEL 500-per-hectare subsidy for orchard care is now in its third year, but producers say it falls far short of the actual cost of proper maintenance.

"You have to spray at least five times a year to get a good harvest," says Marina Chikhladze, who owns a small hazelnut orchard in Guria. "The subsidy is not

enough," she asserts, estimating costs closer to GEL 1,300–1,500 per hectare.

For many smaller growers in Samegrelo, Guria, Kakheti, and Abkhazia's Gali district, the financial gap is only part of the problem. Access to modern agronomic knowledge remains uneven, and outdated practices continue to limit yields.

For more than a decade, USAID played a major role in addressing these gaps — providing technical support, training programs, equipment upgrades and pest-management initiatives. Its withdrawal has left a critical gap in sector support.

Compounding these structural pressures, growers faced yet another challenge this season: despite expectations of a strong harvest, a two-week delay pushed harvesting into a rainy period, reducing both yield and quality by around 10% compared to last year.

Short-term windfall, long-term uncertainty

For now, global shortages are cushioning Georgia's hazelnut sector from the worst effects of declining harvests. Higher prices are propping up farmer incomes even as orchards shrink.

Yet many in the sector warn that these gains rest on fragile ground. Without stronger disease-control measures, upgraded extension services and long-term research investment, Georgia risks losing a sizable share of its orchards—and its role as a reliable supplier for European buyers.

Hazelnuts remain one of the country's top agricultural exports. But as farmers navigate the uneasy mix of rising prices and shrinking yields, the sector is increasingly shaped by a sharp paradox—short-term profit overshadowed by long-term risk. ■

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Georgia's economy in focus:

growth projections improve amid global uncertainty

Forecasting Georgia's GDP is not easy, given the economy's cyclical patterns, high level of informality, and small size—which makes it particularly sensitive to external shocks. Nonetheless, the major international institutions and financial market analysts tracking Georgia have revised their 2025 economic growth projections upward, with most now estimating growth of around 7% for the year.

SALLY WHITE

These upward revisions reflect strong recent economic performance—particularly in the first half of 2025—driven by dynamism in tourism, the ICT sector, and transit transport, along with solid macroeconomic fundamentals such as reserves and debt levels. Confidence from major institutions including the IMF, World Bank, and ADB has reinforced this trend. The average economic growth forecast for Georgia for 2025–2027 now stands at 5.8%, almost double the average for other EU candidate countries. However, analysts continue to note that structural risks and exposure to external shocks remain key

challenges.

Despite an unfavorable external environment and geopolitical tensions, the Georgian economy recorded an average growth rate of 9.7% between 2021 and 2024. In 2021–2022, double-digit economic growth was observed at 10.6% and 11.0%, respectively. Growth continued in 2023 at 7.5%, and preliminary estimates indicate that the economy expanded by 9.4% in 2024. In the first half of 2025, estimated growth reached 8.3%, supported in part by structural shifts underpinning sustained high growth.

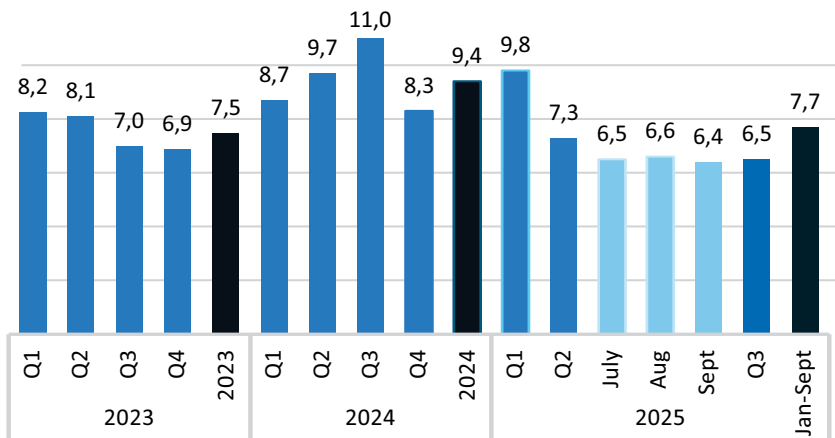
Regarding longer-term GDP forecasts, the IMF—and most other major forecasters—expect growth to moderate toward 5% in the coming years. This cau-

tion reflects belief that much of the 2025 outperformance is cyclical or driven by short-term factors (e.g., demand and tourism).

Upward revisions in GDP forecasts from leading institutions

- **International Monetary Fund:** Increased its 2025 growth forecast from 6% to 7.2%.
- **World Bank:** Raised its 2025 growth forecast to 7%, citing stronger-than-expected 2024 performance.
- **Asian Development Bank:** Increased its 2025 forecast to 7%.
- **National Bank of Georgia:** Revised its 2025 GDP growth projection to 7.4%.
- **Fitch:** Raised its 2025 GDP forecast to 5.6%.
- **S&P:** Increased its 2025 forecast to 7.1%, up from 5.7%.
- **Galt & Taggart:** Projects 7.5% real GDP growth in 2025.
- **TBC Capital:** Forecasts real GDP growth at 7.3% in 2025.

Economic Growth (YoY)



Source: Geostat

● ISET: July 2025 projection (from May data) estimates around 7.1% in the base scenario.

International Monetary Fund

The IMF reports that the Georgian economy has performed strongly despite domestic and geopolitical uncertainty. In the IMF Executive Board report following its 2025 July consultation with Georgia, it notes:

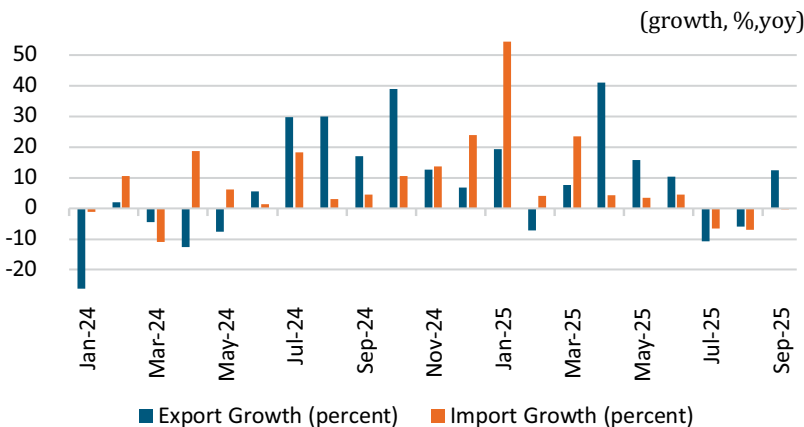
The Georgian economy has performed remarkably well despite elevated domestic and geopolitical uncertainty. Annual growth has averaged over 9 percent since 2021, headline inflation has returned to target after undershooting for two years, and public debt declined to 36% of GDP in 2024.

Looking ahead, growth is projected to ease to 7.2% in 2025 driven by resilient domestic demand and continued strength in tourism, information and communication technology (ICT), and transport (transit trade) and then in the following years converge to its medium-term potential of 5% as domestic demand decelerates.

The IMF report notes that inflation is projected to remain near the 3% target, and the current account deficit is expected to stabilize around 5% of GDP. Reserves are projected to improve gradually, supported by opportunistic foreign exchange purchases and a recovery in foreign direct investment. The external position in 2024 was broadly in line with the level implied by fundamentals and desirable policies.

It notes that since 2021, real GDP

Trade Balance



Source: Geostat

ICT

The information, communication, and technology sector has played a key role in Georgia's economic growth, contributing nearly a third of the 9.2% GDP growth in Q1 2025. The Institute for Development of Freedom of Information (IDFI) notes that this boost was primarily due to the influx of foreign IT specialists after Russia's invasion of Ukraine in 2022—not organic, local development. From 2022 to 2024, the number of ICT companies doubled, with 99% of new foreign entities registered as small businesses or individual entrepreneurs. While this has been an economic driver in recent years, the IMF and others have cautioned that many Russian and Belarusian specialists have since relocated out of Georgia, leading to a drop in employment among large IT firms.

growth has averaged over 9% annually, driven by a strong post-pandemic recovery and sustained expansion in ICT and transport services sectors, supported by immigration, financial inflows, and transit trade linked to the war in Ukraine. These trends have boosted per capita income and reduced unemployment and poverty. Inflation has remained low, aided by tight monetary policy and a strong lari, while public debt returned to pre-pandemic levels. However, challenges persist due to high structural unemployment, income inequality, outward migration, and informality.

The IMF sees risks to the outlook as broadly balanced, amid high global uncertainty and political tensions. It notes that a resolution of the war in Ukraine may reverse some gains from migration and transit trade, but greater regional stability and reconstruction could offset these effects.

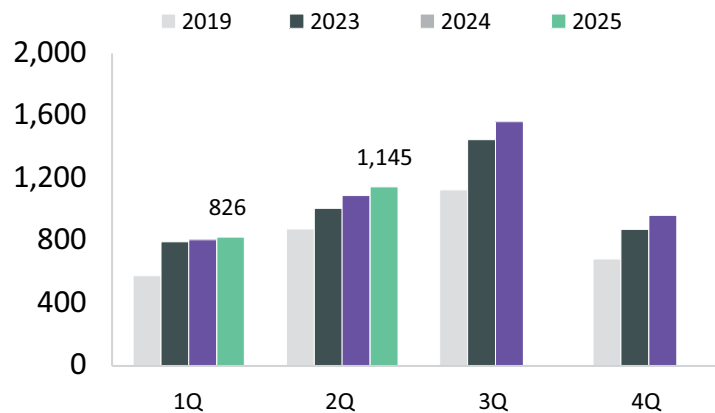
Finally, it notes that direct expo- ►►

TOURISM

In 9M25, tourism revenues were up by 5.1% YoY to \$3.6 billion, and international visitors grew by 6.8% YoY to 2.5 million, with tourists rising by 9% YoY to 2 million. This has prompted investment bankers Galt & Taggart to raise its 2025 forecast for tourism revenue to \$4.6 billion. For 2026, it anticipates tourism revenues to reach \$4.9 billion. The data indicates a very strong recovery and momentum in Georgia's tourism sector in 2025; the country is not just recovering to pre-pandemic levels but is setting new records in terms of tourist arrivals and revenue. Growth is driven by a diversified set of source markets, with notable increases from Russia (+16% YoY), Azerbaijan (+46.7%), EU countries (+20.5%), and India (+33.5%). Batumi continued to show strong momentum, with average occupancy increasing to 83% in 3Q25 (vs 76% in 3Q24). Tbilisi's average occupancy improved to 73% (from 66%) in the same period. AirBnB demand rose by 18.5% in Tbilisi and 11.8% in Batumi. However, noting that spending is not rising in line with tourist numbers, the Georgian government is looking to raise the number of high spending tourists.

► sure to global trade tensions is limited, given Georgia's low export share to the U.S. and exemptions for key products. However, indirect effects from weaker investor sentiment, slower trading partner growth, or supply chain disruptions could weigh on exports and raise import costs. Georgia might benefit from lower oil prices and increased trade diversion. Domestically, heightened political uncertainty and potential sanctions could dampen FDI, tourism, and pressure the lari. In this case, the IMF says, Georgia's

Tourism revenues, US\$ mn



Source: NBG

fiscal and financial buffers would help cushion adverse shocks.

World Bank

The World Bank's updated forecast projects Georgia's economic growth at 7% in 2025, 1.5 percentage points higher than its June projection. Growth of 5.5% is expected in 2026, marking a 0.5-point upward revision. According to the World Bank, Georgia is set to record the highest average economic growth among European countries between 2025 and 2027. It notes that the current account deficit widened to 8.6% of GDP in Q1 2025, reflecting weaker exports of goods and lower remittances, partly offset by strong service exports. In H1, goods exports grew by 13.7% YoY, driven by re-exports. Remittances increased by 3.6% YoY, while tourism receipts grew by 3.8% YoY. FDI inflows remained subdued at 2% of GDP in Q1. The lari appreciated by 0.5% YoY against the USD by end-July, while reserves increased by 7.5% YoY, reaching 3.2 months of imports.

Asian Development Bank

The ADB updated its forecast in September, projecting 7% growth in 2025—one percentage point higher than in April—and 5% growth in 2026. The bank estimates that Georgia's real growth in the first half of 2025 was 8.3%; the ser-

vices sector increased by 12.9%, mainly driven by a 28.6% growth in the ICT sector. Vehicle re-exports, a key source of foreign exchange, grew by 30.3%. However, a 25% U.S. tariff on imported vehicles introduced in April 2025 may raise prices for second-hand U.S. vehicles, potentially reducing Georgia's re-exports. But growth in services—particularly in tourism, transport, and information technology—is expected to offset any future slowdown in merchandise exports. Tourism revenues grew at 3.8%, building on record-high receipts in 2024, while overall service exports expanded by 10.2%, reflecting Georgia's emerging role as a key transit route for Trans-Caspian trade and cargo movements. Higher U.S. and European transfers helped increase remittances by 3.5% in H1—despite a 26.5% drop in transfers from Russia. Foreign direct investment (FDI) declined by 7.7%, mainly due to weaker investment outside information and communication, though the share of reinvested FDI remained high at 83.6%.

European Bank for Reconstruction and Development

According to the EBRD's updated September forecast, Georgia's economic growth for 2025 will be 7%—one percent-

age point higher than the bank's May forecast—and 5% for 2026. It states that economic expansion is supported by increased lending and significant growth in the information technology and education sectors. It estimates that Georgia will have the highest average economic growth among European countries in both 2025 and the 2025-2027, with figures double those of other EU candidates. After 9.4% growth in 2024, the economy expanded by 8.3% in the first half of 2025. Tourism resilience continues to support fiscal and external balances, while reserves have increased to \$5.2 billion, covering over three months of imports.

European Commission

The European Commission's Autumn 2025 Economic Forecast anticipates growth exceeding 7% in 2025, moderating to 5–5.5% in 2026 and 2027. Growth is projected to be driven by private and government consumption, while investment is set to slow down on the back of weakened business confidence and domestic political turmoil. The unemployment rate is set to slightly decline by 2027, while remaining structurally high. Inflation picked up in 2025 due to rising food prices, but price pressures are expected to ease going forward. The general government deficit is set to remain lim-

ited over the forecast horizon, just above 2% of GDP, while public debt is expected to decline towards 35% of GDP.

National Bank of Georgia

After strong growth of 7.7% in the first three quarters of 2025, the NBG expects the economy to moderate toward its 5% potential in 2026. Earlier in 2025, the bank had revised its GDP growth forecast to 7.4%. Average inflation is projected at around 4% in 2025, falling to 3.5% in 2026. Inflation stood at 5.2% YoY in early November, primarily driven by food prices—which it expects to be temporary and not cause widespread price increases. The NBG considers current monetary policy moderately tight, keeping the refinancing rate at 8% in November, and notes readiness to adjust policy based on future data and risks.

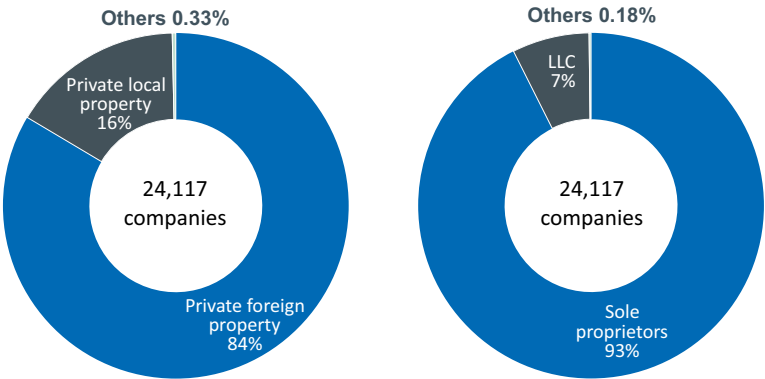
Standard & Poor's

Due to higher-than-expected current economic growth, S&P has raised its 2025 forecast for Georgia to 7.1%, up from 5.7% at the beginning of the year. The forecast for the current account deficit has also improved and is now expected to be 4.1% in 2025, instead of the previously projected 5.0%. The rating agency views Georgia's fiscal and monetary policy framework as relatively prudent and forward-looking in the regional context,

TRANSPORT

Georgia's importance as a transport hub is growing. In addition to increasing east-west traffic, the country's geographic location neighboring Russia makes it a viable gateway for transit there. Georgia's Middle Corridor linking China to Europe saw a 173% YoY increase in container traffic in H1 2025—9,849 TEUs versus a comparable 3,608 TEUs in 2024. The Baku–Tbilisi–Kars (BTK) railway saw 9,393 TEUs in H1 2025, up from only 160 TEUs a year before. Georgia's Black Sea handled 7 million tons of cargo in H1 2025 (up 5.9% YoY), and its container traffic also increased strongly: 375,654 TEUs in H1 2025 (up 19.5%). In H1 2025, Georgia's international airports handled 16,500 tons of cargo, up 57.6% on H1 2024. According to TBC Capital, cargo turnover is expected to expand at a 5.5% CAGR from 2025–2028. However, there is concern that regional shifts—such as reopening of the Armenia-Azerbaijan transport links—may challenge Georgia's regional transit dominance. Experts argue that to maintain its competitiveness, Georgia will need to improve tariff policies, infrastructure, and logistic services.

Distribution of IT companies in Georgia
by ownership type by legal form



Source: Geostat

attributing this to structural reforms, which it says have contributed to an improved business environment. However, the agency notes that elevated domestic political uncertainty, the suspension of Georgia's EU accession process, and the shifting dynamics of its relationship with Western partners could weigh on medium-term growth prospects and further weaken FDI inflows. It anticipates a decline in capital formation, largely attributed to the increased political uncertainty and the EU's decision to suspend Georgia's accession process. ■

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Signature by Regus is now open at ILIYARD, offering Georgia's most elite workspace solution in Vake's premier business destination

Amcham Valued Member IWG Opens the First Signature by Regus Location in Georgia — in the Iconic ILIYARD Building on Chavchavadze Avenue. IWG, world's largest and most trusted provider of flexible and hybrid workspace solutions, is introducing an important new chapter for Georgia. The company has officially opened the country's first-ever Signature by Regus location—its most prestigious, design-focused brand—inside ILIYARD, the iconic A+ Class business landmark in the heart of Vake. Located on Chavchavadze Avenue, one of Tbilisi's most desirable and dynamic business districts, ILIYARD stands out for its exceptional architecture, refined design, and top-tier construction quality. It has quickly become one of the most distinguished commercial addresses in the cap Bringing Signature by Regus to Tbilisi places Georgia among leading global capitals where Signature centers are typically found—London, Dubai, Paris, Singapore, and New York—always hosted in luxury, landmark buildings. The new center features sophisticated flexible office spaces, private executive suites, premium coworking lounges, and state-of-the-art meeting rooms. It is designed for international corporations, global teams, diplomatic offices, and fast-growing Georgian companies looking for a world-class working environment. As an added benefit, IWG is offering exclusive proposals and special conditions specifically for AmCham members, strengthening its long-standing relationship with the business community. With this opening, IWG reinforces its commitment to Georgia by elevating workspace standards and contributing to Tbilisi's development as a modern regional business hub. Signature by Regus — now open at ILIYARD, Vake's most exclusive business address.

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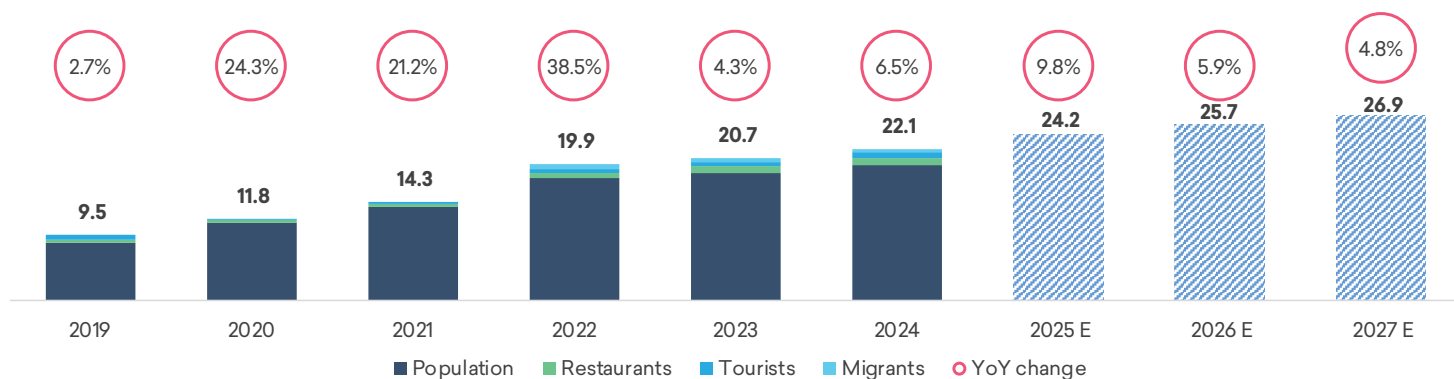
Retail rivalry continues to rise as FMCG growth moderates in Georgia

www.tbccapital.ge

After several years of rapid expansion, Georgia's fast-moving consumer goods (FMCG) market is entering a more measured phase—one shaped by stabilizing macro trends, changing household dynamics, and intensifying competition among leading retailers. TBC Capital's latest FMCG Sector Overview shows that, despite solid fundamentals, shifting consumer behavior and market dynamics are redefining how and where Georgians shop.

Georgia's FMCG market has continued to expand at a faster pace than expected, reaching GEL 22.1 billion in 2024 and projected to increase to GEL 24.2 billion (+9.8%) in 2025. Despite this resilience, TBC Capital expects growth to stabilize in the short term after several years of exceptional performance fueled by migration inflows, wage growth, tourism recovery, increased restaurant activity, and high inflation rates.

Total FMCG market revenues (GEL bn, including VAT)



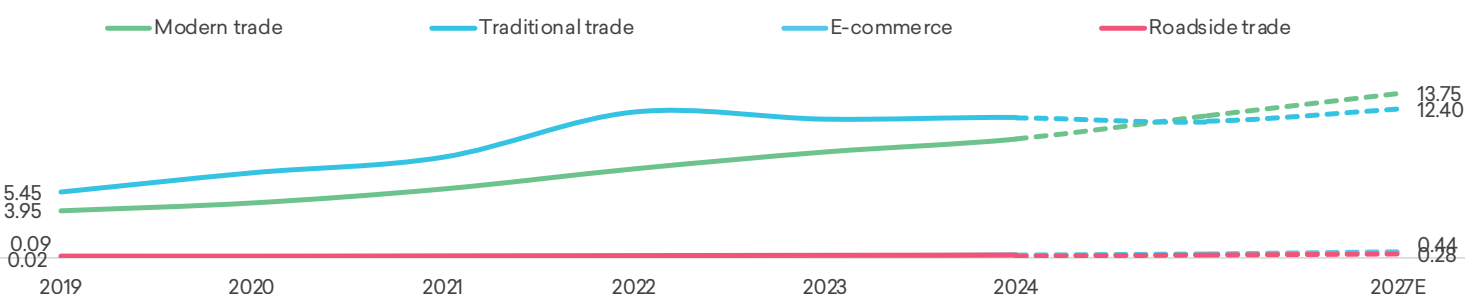
Migrant spending, which provided a major temporary boost in 2022–23, is expected to decline 5% in 2026 and fall a further 12% in 2027. TBC Capital Vice President of Research Andro Tvaliasvili notes, however, that despite this expected dip, core domestic components remain solid: nominal wages are set to rise by 7–8% annually, a higher growth compared to the expected inflation rate, and restaurant turnover by 10–12% in the next two years, while tourism inflows are projected to reach \$5.3 billion by 2027.

“We evaluated four major components of FMCG dynamics,” says Tvaliasvili. “Of those, migrant expenditures is the only component set to decline. This currently only makes up about 2% of FMCG revenues; so, although this figure could be greatly impacted by geopolitical developments in the region and a possible peace agreement between Russia and Ukraine, we don't expect it to have a major impact on Georgia's FMCG market.”

Modern trade gains ground on the back of regional expansion

Modern trade, which includes FMCG sales in supermarkets, hypermarkets, convenience chains, pharmacies, and liquor stores has expanded steadily since 2019 and is on track to overtake traditional trade by 2027 at a value of GEL13.7 billion.

Total FMCG market decomposition (GEL bn, Including VAT)



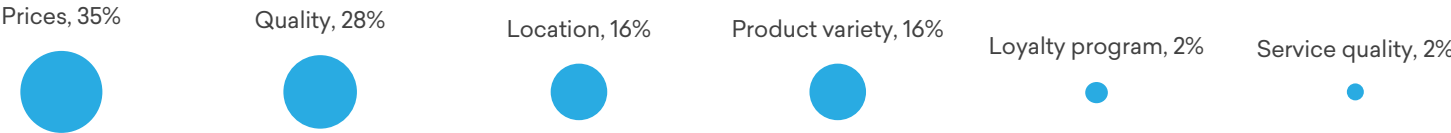
Tbilisi remains the most saturated market, with modern grocery retailers maintaining a stable 54% penetration rate. Regional penetration is now the main driver of expansion—reaching 28% in 9M25 compared to 25% a year earlier.

Consumer habits

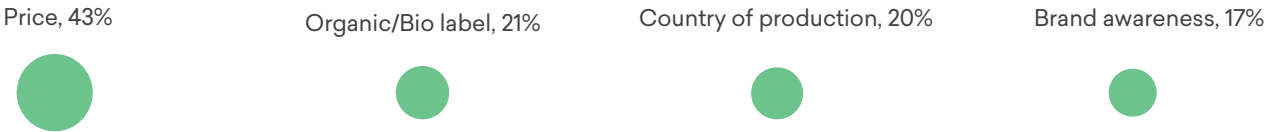
TBC Capital notes several important factors influencing how Georgians shop. One clear demographic change is the steady decline in household size, which fell from 3.5 people in 2019 to 3.2 in 2024—moving closer to the EU range of 2.0–2.5. Smaller households tend to shop more frequently and in smaller quantities, increasing per-capita FMCG demand.

These consumers are also highly price sensitive. Price leads both store choice (35%) and product selection (43%), far outweighing factors like quality, location, or brand recognition. “This price-driven mindset is shaping the competitive landscape,” notes Tvaliashvili, reinforcing the importance of discount strategies in a market characterized by intense competition.

Key criteria for selecting where to buy groceries

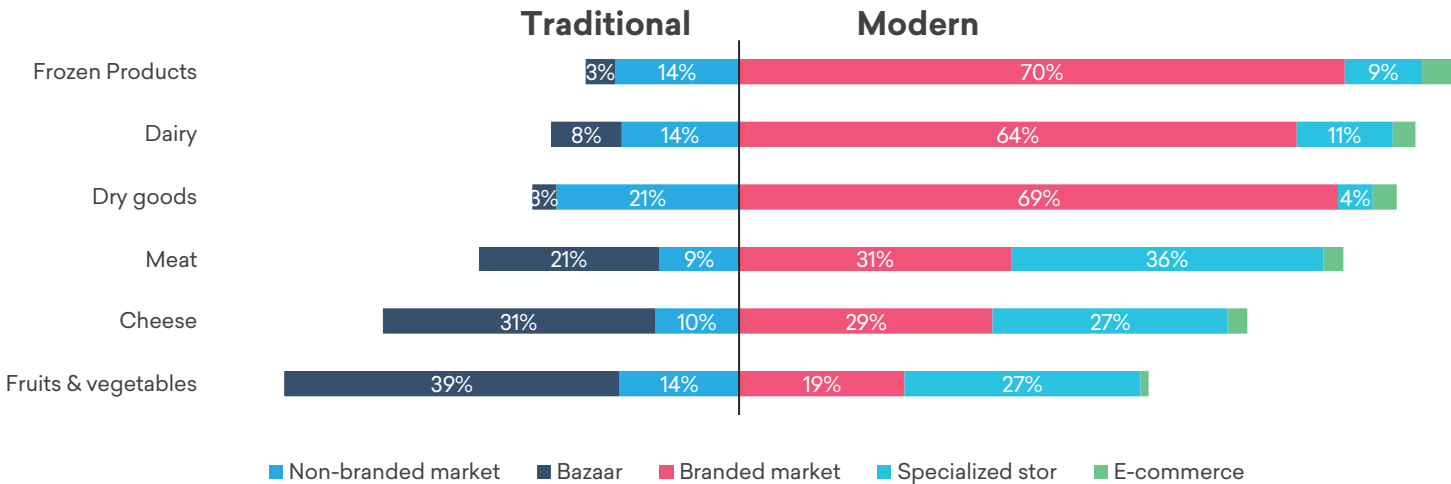


Key criteria for selecting groceries



Despite modern trade’s growth, traditional formats remain dominant in fresh categories. Bazaars and non-branded stores still lead in sales of fruits and vegetables, cheese, and meat—categories where consumers trust long-standing habits and perceived freshness over convenience.

Increased Demand for Electric Vehicles



E-commerce also continues to play only a marginal role. A full 70% of consumers never purchase groceries online, and of the 30% who do, 69% rely on third-party couriers, not retailer apps or websites.

Looking ahead

Georgia’s FMCG sector remains fundamentally strong, but its next chapter will be shaped by more measured growth, increased competition, intensifying price sensitivity, and continued modernization. Looking ahead, Tvaliashvili says the FMCG market will be highly impacted by price considerations: “Even though overall inflation has remained moderate, groceries have seen double-digit inflation in Georgia over the past few months.”

“If we look at the consumer basket, almost 45% of expenditures for Georgians right now go to groceries. This is a major burden for domestic operations,” adds Tvaliashvili. “We expect prices to continue to be a major determinant for the FMCG market in the months ahead.”



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TechHub and beyond:

how UGT is shaping Georgia's digital future through CSR

LANA KOKAIA

Georgian digital technology company UGT says corporate responsibility in the tech sector should go beyond one-off projects and instead serve as an investment in people, skills, and long-term competitiveness.

For UGT, corporate social responsibility is not a one-time gesture but part of how the company defines its role in Georgia's technological landscape. The digital technology provider, founded in 1997 and initially active in the IT sector, has since expanded into fields such as electricity and building management, payment and cash processing, video monitoring, and solar energy. The company says its approach to CSR is rooted in long-term investment rather than occasional charitable activity.

"CSR for us means sharing knowledge, experience, and technological resources in areas where the company can have a real impact—education, innovation, strengthening the role of women in technology, and youth development," says General Director of UGT Ermile Suladze.

Suladze says UGT has been engaged in educational and technology-focused initiatives for many years, but its CSR activities intensified after education and innovation were formally identified as

strategic priorities. The turning point was the creation of the UGT TechHub, which began several years ago as a long-term educational and practical training program. Through this platform, novice engineers learn the basics of IT engineering, programming, and other technological disciplines from certified instructors. Many participants later joined different teams within UGT.

UGT TechHub

To date, 75 young professionals have graduated from UGT's training programs, including 20 women. After completing their studies, each graduate completed a paid internship at UGT. Today, 22 of these graduates are employed by UGT, while others have continued their careers in different companies in the sector.

This year, the company's CSR priorities fall into three main areas:

- supporting technological education through the UGT TechHub program;
- environmental and energy-efficient initiatives linked to UGT Electric's solar energy direction;
- and promoting gender balance by encouraging greater participation of women in technology.

The primary target groups are young people and students exploring future careers in tech.

The General Director of UGT de-

scribes this knowledge-sharing as the foundation of the company's CSR strategy. "Our aim is for beneficiaries to create their own opportunities and implement ideas that will positively influence the business environment in the future," he says.

He sees UGT TechHub as the company's flagship effort—a space designed to help young people gain hands-on experience and understand how digital systems function in real business settings. The program combines lectures with project-based work, giving participants direct exposure to UGT specialists and modern technologies.

The results are already visible: several participants have been employed on technology projects, and many have chosen to pursue IT-related degrees—an outcome the company sees as a sign that the initiative is influencing career decisions among young people. "We measure success not only by the number of participants but by how much the program changes their attitude toward technology and improves their career prospects," Suladze notes.

The company plans to broaden UGT TechHub's scope in the coming years. The initially engineering-focused curriculum has already expanded to include cloud engineering, electrical engineering, and building management systems. The company aims to introduce new directions that respond both to market demand and the interests of young people. Partnerships with universities and educational organizations will also continue.

The General Director of UGT emphasizes that tech companies often misunderstand CSR as a one-off obligation rather than a strategic investment. For a sector built on innovation, he argues, long-term responsibility—developing skills, enabling new talent, and supporting knowledge exchange—is ultimately beneficial for society and business alike. ■



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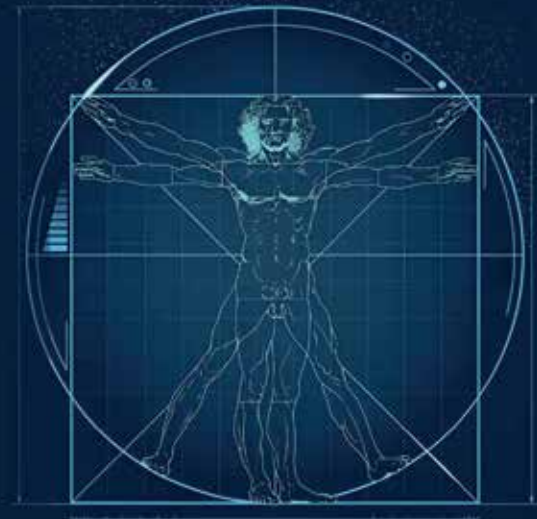


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SME bond issuance expands funding options in Georgia's capital market

An elite group of Georgian small and medium-sized enterprises (SMEs) is showcasing the latest developments in Georgia's capital market and helping draw new investors to Tbilisi. These are companies that have issued bonds under the IFI-backed Enterprise Georgia's Capital Market Support Program, a government response to the well-publicized problem for SMEs of finding affordable funds, particularly for growth or refinancing.

SALLY WHITE

Georgia's new SME entrants to its bond market seem more role models than typical for the program, but their range of activities will certainly augment the stock market's corporate list. They are more medium-sized than small, and able to attract tens of millions with coupons of well under 10% on their dollar and euro-denominated bonds. The current star performers named within the framework of the pro-

gram include microbank MBC, real estate management group Chavchavadze, commercial real estate developer MP Development, and outdoor advertising company Alma.

The background to the inauguration of SME bonds is that "...many smaller businesses still cite access to finance among their major constraints," as stated by the IFC's Regional Manager for the South Caucasus Ivana Fernandes Duarte. The high level of collateral needed to secure bank loans is one of the major ob-

stacles for Georgian SMEs (since they are considered by the Georgian commercial banks to be high risk), which has also been detailed as a problem by the European Investment Bank.

Georgia has been persistent in its preference for bond rather than equity issuance for corporate fundraising. In Europe, equities have historically been the non-banking route to finance for SMEs, but this has changed since the 2008 financial crisis, and a range of mini bonds for SMEs has been introduced.

For any economy, SMEs are extremely important, as constantly emphasized by the major multinational development banks, including the EBRD, ADB, and others. The World Bank stated that they are "...the backbone of most economies...In developing countries, SMEs are central to economic diversification, productivity, and poverty reduction." Globally, not just in Georgia, "they face persistent chal-

lenges in obtaining the financing needed to start, sustain, and grow.”

Very few, indeed, of their fellow Georgian SME sector peers will be able to follow the same path as these extremely profitable and very well-connected fore-runners and solve their financial problems by issuing similar bonds, albeit co-financing is available on costs. A handful will—the ambition for the Capital Market Support Program is to raise 3 billion GEL in corporate bond issues by 2028 for 100 out of the tens of thousands of SME companies. However, despite its limited financial reach, the program does create an extensive circle of benefits, ranging from strengthening Georgia's capital market by widening the financial instruments issued, extending the range of investments beyond major corporations, bringing in new industries, and deepening the country's level of financial education.

Yet, at this stage, SME bonds seem unlikely to help with another major Georgian capital market problem: the lack of liquidity criticized by the EBRD, among other IFIs. Should the program reach its declared 100-company target, there could be a chance. But *investors* in most Georgian bonds seem ready to buy

and hold, if the official available stock market trading figures give a correct picture. While trading seems moribund, the investor pool is deepening. Investor names mentioned in financial market reports have included the EBRD and IFC, and there are capital market report references to wealthy individuals from Georgia and abroad and local pension funds. Additionally, the yields on offer are attractive to international frontier funds.

SMEs and the Georgian economy

The importance to the banks of their SME loan business can be illustrated by the fact that at the end of last year, Bank of Georgia's SME published loan portfolio stood at GEL 5 billion, having risen by 10% in the year, compared to its corporate banking portfolio of GEL 8.3 billion. Rates vary between banks, but checking online across the rates charged for a loan for 2025, the effective annual interest rate for GEL-denominated SME loans generally ranges from approximately 12% to over 16%, depending on the lender and specific loan product.

SMEs are vitally important to the Georgian economy, although the complexity of collecting accurate and com-

prehensive data leaves the numbers quoted ranging from around 100,000 to well over 200,000—in 2023, ISET had a figure of 248,170, with most doing wholesale or retail business. Figures from the Georgian statistical agency, Geostat, for last year state that SMEs accounted for 54.3% of the total business sector output—up by 11.6% on 2023—and represented 58.3% of business sector employment. The government said a year ago that they number 99.7% of the active businesses in the country.

It can thus be said that the attention for economic and social reasons being given to increasing funding options for the sector via bonds by Enterprise Georgia is vital. So far, within the framework of the agency's Produce in Georgia capital market program, 13 issues by eight companies have been supported, 26 applications have been received, and the additional mobilized investment capital has exceeded 450 million GEL. The program, which started last year, helps businesses to not only structure bond issues as an alternative to bank finance, but also co-finances companies' associated costs. To date, both domestic and foreign *investors* have been receptive to SME bonds, helped by the relatively high yields (on international comparisons) offered, which balance some of the risk.

Georgian bonds seem to have retained attraction in that new issues are being launched despite the fact that foreign *investors* have been slowly pulling back over the last few years from Georgian government treasury bonds. In the corporate bond section of the market, Silk Road successfully completed an inaugural international bond offering in October, although listed on Dublin's stock market—a \$400 million 5-year bond with a coupon of 7.5%—a significant milestone for Georgia's private sector capital markets as well as for the group itself.

In a financially uncertain world, ►►



IFC's Regional Manager for the South Caucasus Ivana Fernandes Duarte.

USD 400 Million Bond Issuance



AmCham President Irakli Baidashvili (center) and AmCham Vice President and Treasurer George Tkheidze (right) attend an event for Silk Road Group's \$400 million bond issuance.

► Georgia's economic growth looks inviting. In July, the IMF commented that "the Georgian economy has performed remarkably well despite elevated domestic and geopolitical uncertainty." It pointed to the economy's high growth rate, headline inflation returning to target, and public debt declining to the internationally low level of 36% of GDP in 2024. "Economic activity is projected to remain strong in the near term and gradually converge to potential," it added. While this latest report contained many strictures, risk warnings, and reservations on a wide range of social, economic, governance, and other fronts, it stated that: "The financial sector is sound, and reforms have advanced..."

New financing for SMEs is not limited to bonds. To drive funding into the sector, international financial institutions such as the EIB, IFC, EBRD, and Black Sea Trade and Development Bank are partnering with Georgian banks or the government to channel funding for SMEs, often via banks (on-lending) or guarantees. For example, the EIB made a

loan of €50 million to the Bank of Georgia for SMEs and mid-caps, with at least 30% directed to green investments. An IFC investment of \$150 million has been made to TBC Bank to boost SME lending. EBRD guarantee programs or risk-sharing instruments are used to incentivize banks to lend to SMEs, allowing reduced collateral or improved terms.

However, work continues apace to help grow the SME end of the Georgian bond market and Enterprise Georgia's Capital Market Support Program will launch a technical assistance component to its bond issuance program next year aimed at encouraging both issuers and investors.

The EBRD and Georgian SMEs

The EBRD has long been a mentor to Georgian companies issuing bonds—both to deepen local capital markets by providing instruments that align with international investors' strategies and to broaden local access to finance. Expanding the range of tradable instruments in

this way increases secondary market activity and improves pricing benchmarks. Now SMEs are included.

The EBRD's Georgia team shared the following perspective with *Investor* on the role of bond issuance for SMEs:

Can you give us a bit of background on financing for SMEs?

Historically, SMEs have relied heavily on bank lending, which limits diversification and constrains growth. By introducing support initiatives for bond financing for corporates (including SMEs), the EBRD aims to expand financial inclusion by creating alternative funding channels for local businesses. This also helps to promote market development through innovative instruments, such as green and gender bonds, aligning with global ESG standards. And of course, any little help from donors is welcome. So, we have leveraged technical assistance and co-financing from the European Union under the initiative called the EU Capital Market Support Program, which reduced issuance-related costs and provided capacity building support.

Is this a funding option that many Georgian SMEs should or could consider?

Yes, for SMEs with strong governance, transparent financials, and growth ambitions, bond issuance can be an attractive alternative to traditional loans. Key advantages include:

- Access to longer-term local currency financing, reducing foreign exchange risk.
- Enhanced visibility and credibility in capital markets, which can attract both domestic and international investors.
- Potential cost benefits, especially when issuance is supported by grants or technical assistance from the EBRD and its partners.

While not every SME will qualify immediately, those with solid fundamentals and a clear growth strategy should explore this option as part of their fi-

nancing mix.

How should SMEs assess and prepare themselves?

Preparation is critical. SMEs should focus on maintaining robust accounting systems, audited statements, and clear cash-flow projections. It is also essential to strengthen corporate governance practices and ensure compliance with disclosure requirements. Obtaining a credit rating, addressing any structural weaknesses, is yet another important step. It is also important for local companies to learn environmental, social, and governance criteria as many issuances target green or social objectives. Working with SMEs and offering capacity building on all of the above aspects, the EBRD supports this process through advisory services and tailored guidance to help them meet market and regulatory standards

For those SMEs who cannot qualify

for this cheaper and assisted funding, what help and education continues to be made available by the EBRD?

The EBRD remains committed to supporting all SMEs, regardless of their readiness for bond issuance. If they are not ready for a bond issuance, then we can start with credit lines through partner banks for modernization, energy efficiency, and green investments. In addition, our advisory services—under the Advice for Small Businesses program—covers strategy, digitalization, and compliance with EU standards, offering a wide range of capacity building expertise. For example, educational platforms, such as the EBRD Know How Academy, offer practical tools and training for business development. All the above initiatives ensure that SMEs continue to receive guidance and financial support while building their capacity for future capital market participation. ■

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Ten Years of Growth

The bank provides a wide range of financial services from corporate and SME banking to digital banking solutions always focusing on quality and efficiency. 'Our success in Georgia is built on trust' says Onur Kütük, CEO of Isbank Georgia. 'We are proud to be part of Georgia's banking community and to contribute to its economic development.'

As a subsidiary of Isbank Turkey, the bank benefits from the international experience of one of the largest financial groups in the region. This background allows Isbank Georgia to combine global experience with local understanding.

Innovation and response to challenges

The bank continues to invest in digital transformation, introducing modern technologies that make banking more convenient and secure for clients. The next years will bring a stronger digital focus, sustainable growth and deeper support for trade and investment between Georgia and Turkey. 'We see great potential in Georgia's economy' adds Mr. Onur Kutuk. 'Our goal is to grow together with our clients and continue building relationships based on trust.'

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Rethinking working time: is Georgia ready for the four-day formula?

The four-day work week has shifted from a fringe concept to one of the most widely studied workplace reforms of the 21st century. The standard model—32 hours of work over four days with no reduction in salary—aims to deliver 100% productivity in 80% of the time, in exchange for a guaranteed additional day of rest. Global trials suggest it can boost focus, well-being, and retention—but would it work in Georgia?

GIGA BERUASHVILI

The UK's landmark 2022 pilot, covering 61 companies and nearly 3,000 employees, found that 92% chose to continue the four-day model, reporting steady or improved productivity, lower turnover, fewer sick days, and stronger employee wellbeing. Iceland's multi-year public sector trials reached similar results, with productivity maintained or increased and reduced-hour arrangements extended to most of the workforce without affecting national output—showing that shorter weeks can work at scale when workflows are redesigned.

Corporate trials point in the same direction. Microsoft Japan compressed the work week and cut meeting time, report-

ing a 40% productivity boost and higher employee satisfaction. Panasonic introduced an optional four-day structure and saw reduced burnout and stronger talent attraction, while Kickstarter adopted a 32-hour week without pay cuts and recorded lower voluntary turnover and sharper focus among staff.

Although far less common, Georgia has had its own early adopters. FlowMaster, a training and educational services company, introduced a four-day week in 2022 and shifted to a Tuesday-Friday schedule. The company retained full salaries and expectations under the 100-80-100 model, and—according to Ani Kharshiladze, a board member of FlowMaster—saw increased productivity, improved morale, easier recruitment, and a stronger reputation among clients

and candidates.

“Our clients were initially confused when we informed them that our team doesn't work on Mondays,” says Kharshiladze, “but they quickly adjusted to the idea.”

One of the most unlikely places to meet this type of work model would be journalism, but iFact, a Georgian media organization specializing in investigative journalism, has established itself as a pioneer of the concept within the local field. Investigative journalism is famously high-pressure, high-stakes, and mentally demanding. In 2022, iFact introduced a four-day work week—choosing Wednesdays as their weekly rest day. The idea came after global success stories but ultimately grew from a very personal insight: the organization's leadership wanted to prevent burnout in a field where it is too often overlooked.

The team was initially skeptical but agreed to test it, and within months, they were in consensus that it worked better than expected. The chosen day of rest is meant to serve as a strategic pause: two days of work, a break, and then two more workdays, followed by the weekend. “It's like a mini weekend in the middle of the

work week,” shares editor and co-founder of iFact Nino Bakradze.

Their workload remained unchanged, and salaries stayed the same. When deadlines are unusually intense, some staff do work on Wednesdays—but are compensated with an additional day off later. Most weeks, however, Wednesday is a guaranteed day of rest. Bakradze notes that the model fits them because they focus on long-term investigations, not real-time news. They aren’t tied to the traditional news cycle, which Bakradze notes is a critical distinction.

Where the model works—and where it doesn’t

Just as Bakradze notes that the nuanced nature of their journalistic work allows her team to strategically pause mid-week, Georgian labor expert Ana Diakonidze contends that this model isn’t suited for all sectors—or economies.

“Globally, we see that the four-day model works best in knowledge-based

sectors where productivity depends on focus, creativity, and mental clarity,” she explains. “When people feel burnt out, their cognitive performance dips.” In this case, “value is produced in periods of focus, and a shorter week forces companies to design their workflows intentionally.”

However, she notes, the model is not “universally applicable” across all industries. Sectors that require continuous presence—such as healthcare, hospitality, retail, logistics, call centers, and real-time media—face operational constraints that cannot be solved simply by compressing work time. Implementing a four-day week in these environments would demand larger staffing pools, tighter schedules, and more sophisticated human-resource planning. These adjustments are expensive and complex, particularly in a labor market like Georgia’s, which already struggles with high turnover and limited employee retention in many service-oriented fields.

The feasibility of a four-day work

week also appears closely tied to a country’s productivity base and stage of economic development. International labor research from the International Labor Organization (ILO) and OECD indicates that economies with higher productivity per hour and larger knowledge-based sectors are far better positioned to shorten hours without reducing output.

Due to the nature of Georgia’s labor market, which remains dominated by low-skill, low-wage service roles and characterized by rapid employee turnover and limited managerial capacity, the transition could prove particularly challenging. These features, typical of developing and transition economies, are characterized by employers that prioritize basic operational coverage over efficiency redesign.

By contrast, Georgia’s growing high-skill sectors—including IT, finance, analytics, and parts of the creative and digital economy—more closely mirror the conditions found in countries where four- ▶▶





incompatible with their operational realities. This suggests that managerial readiness and workflow maturity—not enthusiasm alone—determine sustainability.

A selective pathway for Georgia, with broader implications

Taken together, the evidence suggests that the four-day week succeeds where productivity is driven by focus and autonomy and struggles where output depends on physical presence or unpredictable demand. For Georgia, the most viable opportunities lie in high-productivity, knowledge-based sectors already competing internationally for talent.

At the same time, global trials also highlight secondary effects that may resonate locally. A pilot of the reduced working hours model in Valencia found reduced traffic congestion and lower pollution. UK studies observed more balanced distribution of childcare responsibilities, with men increasing their share during four-day work week periods. Some pilots recorded fewer stress-related absences, hinting at public health benefits. Longer weekends were associated with increased cultural participation and short-distance leisure travel, suggesting that reduced-hour models influence not only workplaces, but also urban life and

► day models have succeeded. In these industries, flexibility could strengthen competitiveness, especially in attracting and retaining skilled workers.

Diakonidze warns, however, that uneven adoption could deepen labor-market inequality, with privileged sectors gaining well-being, productivity, and retention advantages while others fall further behind.

When good intentions meet hard reality

At both the global and Georgian level, several pilots of the four-day work week have not succeeded—emphasizing that the model can quickly unravel when customer demands, growth pressures, or uneven workloads are not carefully managed.

In 2015, the U.S.-headquartered online coding school Treehouse enthusiastically adopted a permanent 32-hour week, only to abruptly end it in late 2016 during a round of layoffs, admitting the reduced hours were incompatible with the intense demands of rapid growth. Similarly, UK software firm Krystal launched a high-profile six-week trial in mid-2016, extended it once, then quietly cancelled the policy after four months

when employees reported a rise in stress and blurred boundaries between work and personal time.

Major retailers also walked back their policies. In 2023, British supermarket chain Morrisons scrapped its trial as it was revealed that the trial had required head-office staff to work one extra Saturday every four weeks, concluding that the forced weekend shifts destroyed the very work-life balance improvements the new policy was meant to deliver.

Similar dynamics have appeared in Georgia, where some firms, like the International Sales Institute, reverted to a five-day schedule after finding the model



household dynamics.

With burnout rising, shifting expectations among younger workers, and stronger competition for skilled employees, carefully designed pilots may offer meaningful benefits. Broader adoption, however, will require higher productivity, stronger management capability, and more resilient labor-market fundamentals. "The key is not rigid implementa-

tion," asserts labor expert Ana Diakonidze. "It's flexibility. You can rotate days, mix remote work, or reduce meetings. It's not one formula for success—it's a spectrum."

The four-day work week is not a universal solution nor a guaranteed productivity tool. But the experiences of FlowMaster and iFact, combined with international results, demonstrate that

with intentional design, the model can deliver measurable benefits in the right conditions. For Georgia, the most realistic pathway lies in selective implementation, gradual experimentation, and evidence-based adaptation.

If global experience suggests one important insight, it is this: shorter weeks do not reduce productivity — inefficiency does. ■

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ACE 2025 Best Practice Sharing Conference in Montenegro

In October, AmCham Georgia participated in the ACE 2025 Best Practice Sharing Conference in Kotor, Montenegro. On the first day of the three-day program, AmCham Executive Director George Welton attended meetings with European CEOs

and Executive Directors, while Communications Director Nini Kapanadze took part in brainstorming sessions. On the second day, they attended benchmark presentations and break-out sessions focused on strengthening operational practices across

the AmCham network. Representatives from more than 25 AmChams attended the program, which also included sightseeing events such as a tour of Kotor's old town with the mayor, a visit to Perast and Our Lady of the Rocks Island, and a gala dinner.



AmCham Black Sea Panel Discussion

On October 15, AmCham Georgia hosted a luncheon and panel discussion on Black Sea regional development, featuring Ambassador of Bulgaria Veselin Valkanov, Ambassador of Romania Răzvan Rotundu, and Ambassador of Turkey Ali Kaan Orbay. The ambassadors shared insights on the strategic importance of the Black Sea region and discussed opportunities for deeper regional cooperation. The session was followed by an engaging Q&A with members.





Trade and Investment Forum in Armenia

On October 17, AmCham Georgia's Executive Director George Welton attended the International Trade and Investment Forum in Yerevan. He was joined by colleagues from AmCham Armenia and AmCham Uzbekistan, along with senior representatives from the European Bank for Reconstruction and Development. The event provided a platform for regional dialogue on trade, investment, and economic cooperation.





AmCham Cocktail Reception at the Biltmore Hotel

On October 24, AmCham Georgia hosted an evening reception at the Biltmore Hotel Tbilisi. AmCham President Irakli Baidashvili welcomed guests, shared updates on upcoming activities, and expressed appreciation to the Biltmore for its hospitality. Members enjoyed cocktails, Georgian wine, and desserts while reconnecting with colleagues and business partners.





AmCham Roundtable with Heads of ADB, EBRD, and World Bank

On October 29, AmCham Georgia hosted a roundtable meeting with senior representatives from the Asian Development Bank, the European Bank for Reconstruction and Development, and the World

Bank. Speakers included the Country Director and Regional Manager at the ADB Lesley Bearman Lahm; the Regional Head of the Caucasus at the EBRD Alkis Vryenios Drakinos; and the Regional Director for the

South Caucasus at the World Bank Rolande Pryce. The discussion covered the institutions' ongoing programs in Georgia and the wider region, along with priorities and future areas of cooperation.



AmCham and Mac Grant Scholarship Students Meeting

On November 16, AmCham and MAC Georgia hosted a kick-off meeting for their latest cohort of university scholarship recipients. The AmCham Georgia and the McLain Association for Children Georgia (MAC Georgia) scholarship program launched in 2023 to offer students

from low-income and disadvantaged families an opportunity to pursue higher education. With the generous support of AmCham member companies, the scholarship program offers four years of tuition payments as well as a stipend to help cover the cost of living.





AmCham Roundtable on Arbitration Practices in Georgia

On November 19, AmCham Georgia hosted a roundtable discussion on the changing nature of arbitration in Georgia. Participants explored the advantages and challenges of arbitration, including time and cost considerations, as well as recent trends in setting aside and enforcing arbitral awards. The event featured remarks

from Chairman of the Arbitrators' Association David Tabatadze, Chairman of GIAC (Arbitration Institute at ICC) Beka Injia, and Board Member of DRC (Arbitration Institute at BAG) Levan Nanobashvili. The discussion was moderated by Managing Partner at BLC and AmCham Board Member Ketti Kvartskhava.





Investors Council Semiannual Meeting

On November 24, AmCham President Irakli Baidashvili, Executive Director George Welton, and Public Policy Director Lina Jikia attended the Investors Council semiannual meeting to discuss its action plan for 2026.





World Bank Event in Tbilisi

On November 25, AmCham Executive Director George Welton participated in a panel discussion at the World Bank event "Georgia: Growing to High Income."





AmCham x TBC Capital Event at TBC Concept

On November 26, AmCham and TBC Capital held a joint event that summarized key macroeconomic dynamics from 2025 and presented TBC Capital's outlook for both global and local trends

in 2026. Following the presentation, members were invited to a networking buffet and exhibition featuring works by American and Georgian artists David Meskhi and Tony Just.





Board Meetings

The AmCham Board of Directors held meetings on October 15 and November 11.

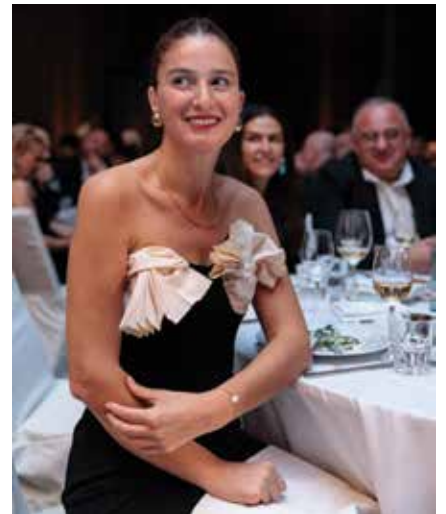


AmCham 27th Anniversary Gala Dinner

On November 22, AmCham Georgia celebrated its 27th anniversary with a Thanksgiving gala at the Sheraton Grand Tbilisi Metechi Palace Hotel. The event included a three-course dinner, live

music, a DJ, and a performance by the renowned Sukhishvili National Ballet. It was a festive celebration of AmCham Georgia's achievements over the last 27 years.











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Legal500

**Central and Eastern
Europe Awards 2025**

**Georgia
Firm of the Year**

BGI is delighted to announce that it received both national awards for Georgia at the inaugural Legal 500 Central and Eastern Europe Awards 2025, held in Warsaw on October 16. The firm was named Law Firm of the Year in Georgia and was selected from other top firms in the jurisdiction making up the short-list. Warmest congratulations are due to Partner Sandro Bibilashvili who picked up the Georgia Lawyer of the Year award. He was selected from a field of five top-rated shortlisted lawyers, three of whom were BGI partners (Zaza Bibilashvili and Unana Gogokhia, in addition to the winning candidate).

Our success in both of the two national awards once again underlines BGI's market leading position and we are thrilled to see the talent and commitment of our lawyers recognized on such a distinguished platform.

 **BGI** **LEGAL**
EXPERTISE. EXPERIENCE. EFFICIENCY.

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The Dentons logo, consisting of the word "DENTONS" in white, uppercase, sans-serif font, enclosed within a white chevron shape pointing to the right.

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Happy Holidays!

A white, stylized snowflake icon with six main branches and smaller sub-branches, positioned to the right of the "Happy Holidays!" text.

from your friends at Dentons

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