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The Georgian government is eager to reboot the country's scientific community, which suffered from brain drain and a lack of funding in the years following the collapse of the Soviet Union. With an eye on the new generation, the government and its Western partners are investing in education and innovative programs to attract young people and bolster the popularity of science-related professions.

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A few months ago, a Dutch tourist traveling to Georgia was treated to an incredible surprise: he was Georgia's sixth-millionth tourist and got VIP treatment, which included a dinner with Prime Minister Giorgi Kvirikashvili. The viral video of the sixth-million tourist campaign, created by a Georgian marketing company, was yet another sign of the creative boom in Georgia's digital marketing industry.

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INVESTMENT NEWS

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

CHINA, GEORGIA SIGN FREE TRADE DEAL

Tbilisi and Beijing signed a free trade deal on May 13, paving the way for Georgian products—including wine, mineral water and agricultural products—to enter the 1.4 billion-consumer market with zero tariffs, agenda.ge reported.

The deal took just seven months to complete.

Currently, Georgia has free trade deals with Turkey; the European Union (EU); European Free Trade Association (EFTA) countries—Switzerland, Norway, Iceland and Liechtenstein; and the countries of the Commonwealth of Independent States (CIS)—Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan, Tajikistan and Uzbekistan.

Finance Minister Dimitry Kumsishvili met with Chinese Vice Premier Wang Yang in the city of Hefei in China, agenda.ge reported on 18 May.

"We asked the Chinese side to launch a new project under the One Belt – One Road initiative to support Chinese private companies that will be represented in Georgia," Kumsishvili said.

NEW FRENCH-ITALIAN-GEORGIAN FILM CO-PRODUCTION ANNOUNCED

A Georgian film production company, Magenta Films, is set to shoot a prison-rugby drama as a co-production with France and Italy within the state program "Film in Georgia," the agenda.ge website reported.

The film, "Negative Numbers," was written by Georgian screenwriter Uta Beria. It is based on the true story of "two ex-professional rugby players who helped juvenile offenders recover by bringing rugby into their life under detention," the report said.

EXTERNAL TRADE UP 17 PERCENT

Georgia's external trade was up 17 percent for the first four months of the year, agenda.ge reported on May 13.

Exports increased by 30 percent to $788 million, and imports also increased 13 percent to $2.3 billion, according to official statistics. Minister of the Economy and Sustainable Development Giorgi Gakharia told journalists the increase in exports has helped drive the country's economic growth.

"In terms of economy, it means that the situation on the markets of our main trade partners is getting stable. Demand has increased and our producers are able to sell more. The more they sell, the more jobs they create, and consequently, the more jobs are created, the more people are employed. We all understand that 5.3 percent growth is not enough for our country. That is why we are following a four-point plan that aims to make economic growth more rapid and impressive," Gakharia said.

Real GDP growth in March was 5.3 percent, compared to the same period of the previous year, according to preliminary data from GeoStat, the official statistics body.

MORE FLIGHTS TO AND FROM GEORGIA

Several international airlines are increasing flights to Tbilisi, agenda.ge reported.

Greek airline company Aegean Airlines announced it will offer direct flights between Heraklion and Tbilisi once a week from June 14 to September 13. Another Greek airline, Ellinair, will carry out weekly Tbilisi-Heraklion flights from June 15 to September 14.

Iranian airline Zagros Airlines announced it would start direct flights between Tbilisi and Tehran in May.

After EU Visa Liberalization: Georgia's Next Steps

GEORGIA'S VISA-FREE REGIME WITH THE EU WENT INTO EFFECT IN MARCH 28. EVEN AS THE COUNTRY CELEBRATES THIS MILESTONE, GEORGIAN OFFICIALS HAVE BEEN OPEN ABOUT THEIR AMBITION TO CONTINUE TO MOVE CLOSER TO THE EU. INVESTOR.GE SPOKE WITH SPECIALISTS ON EU INTEGRATION AND INTERNATIONAL POLICY ABOUT WHAT TBILISI SHOULD DO NEXT.

The freedom to travel to and throughout the Schengen area without a visa has been lauded as a milestone in Georgia's relations with the EU.

But Georgian officials have made it clear this is just one step toward their ultimate goal to become a full-fledged member of the Union.

Prime Minister Giorgi Kvirikashvili has repeatedly spoken about Georgia's future in the EU.

In comments at the European Parliament when the visa-liberalization legislation was signed, Kvirikashvili reiterated Georgia's commitment to becoming a full member of the "European family."

"Today, the European Union's doors have opened to Georgians. This is not only a step towards Euro-integration but a tremendous achievement," he said in comments to journalists, adding that the country needs to "continue implementing reforms to become a full member of the European family."

Foreign Minister Mikheil Janelidze also pledged that Georgia will take "all steps" to move closer to Europe.

"Georgia has a clearly fixed interest—to have more political integration with the EU, and we will take all steps within the framework of all formats," Foreign Minister Mikheil Janelidze was shown saying on Rustavi-2 TV on April 13.

But some political scientists and international policy specialists have cautioned against Tbilisi moving too quickly.

DIFFICULT POLITICAL CLIMATE

Alexandra Hall Hall, a former UK Ambassador to Georgia and now a senior fellow at the Dinu Patriciu Eurasia ▸▸

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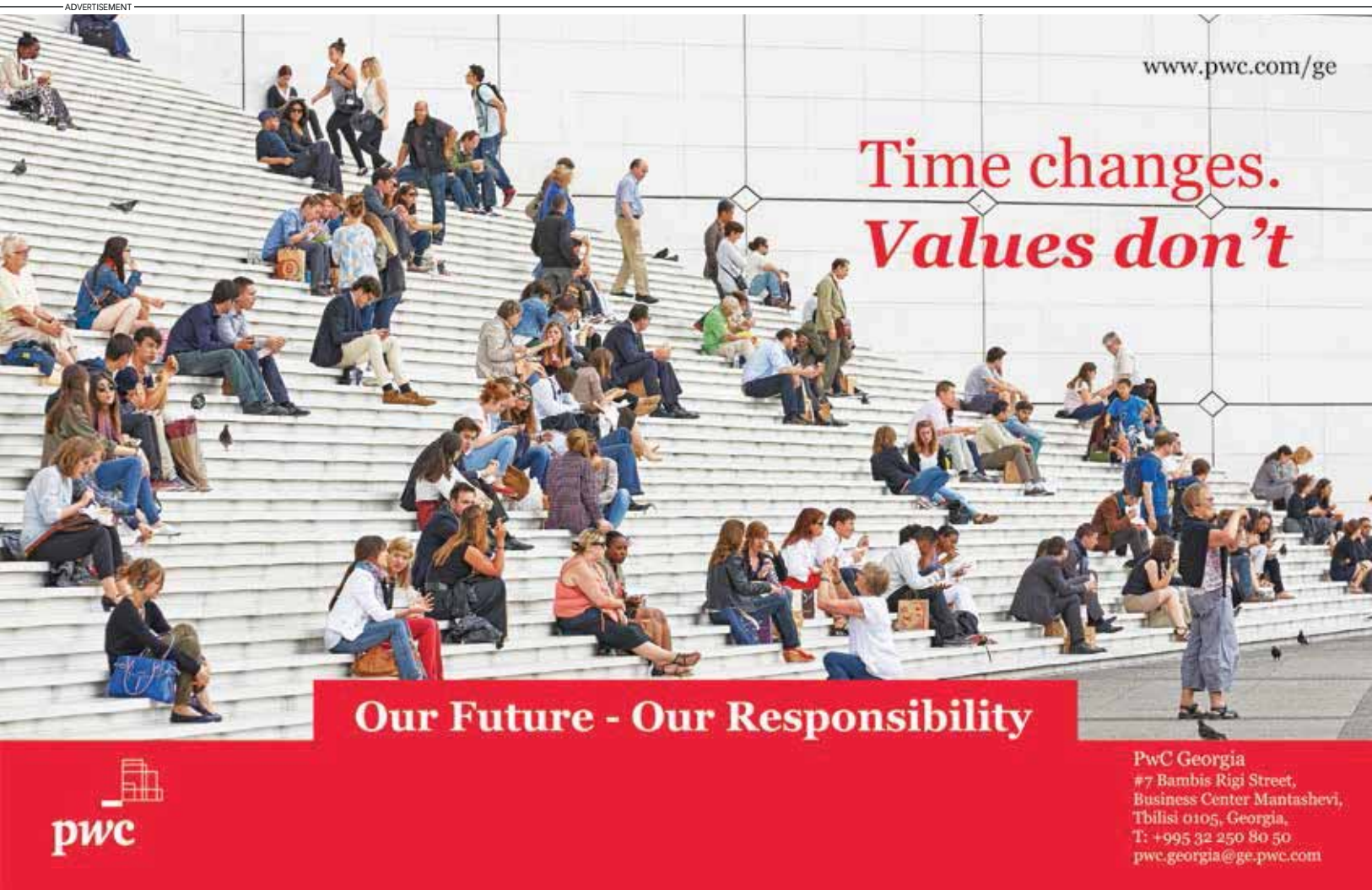

Center, told *Investor.ge* that it is to the credit of both Georgia and the EU that the visa liberalization regime has been put in place.

In a recent editorial published on the Atlantic Council website, Hall Hall argued that the new visa-free deal was a "one small step for Georgia and one huge leap for the EU."

"I think it is to Georgia's huge credit that it persisted with its visa liberalization process. It took longer than the Georgians wanted, but it was actually quicker than a lot of other countries have achieved, and it reflected very well on the EU that despite this incredibly difficult domestic environment and backlash against migration generally in the EU, it honored its promise to Georgia. So I would take that as a very good sign," she said.

But she cautioned that Tbilisi should not play up expectations that full membership is on the horizon for Georgia.

"I have seen senior Georgian leaders talk about Georgian liberalization and say, 'Of course, our long-term aspiration remains full integration within the EU.' I think that the Georgian leadership needs to be careful not to play up expectations on that," she said.

TIME FOR REFORM

Koba Turmanidze, the director of Caucasus Research Resource Center in Georgia, told *Investor.ge* that now Georgia needs to focus on taking full advantage of its Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU.

"We need to focus on an information campaign to explain DCFTA opportunities to businesses. At the same time, the government should design programs to help businesses with export potential. Meeting formal requirements related to DCFTA is hard, but relatively straightforward," he said.

Political scientist Kornely Kakachia also urged the government and the Georgian people to push ahead with needed reforms. "I think it's important that Georgian government and society should not think whatever they achieved is enough," he said.

"It is quite the opposite; it's just the beginning of a lengthy and time-consuming Europeanization process. Despite the skeptical position of some EU members, Georgia should continue its reforms and act like a member state adopting, step by step, EU standards. The experience of EU-candidate Balkan states is important in this regard: the more Georgia will do its homework, the closer it will be with the EU and there will [eventually] be momentum when the EU can't reject Georgia's progress." Hall Hall stressed, however, that the Georgian government must be sensitive to the political situation in the EU. "There is definitely a difficult political environment within the EU; they have many other things on their plate and enlargement, further enlargement, is not on the agenda within the EU as far as I can observe," she said.

The views expressed in this article by Alexandra Hall Hall are her own, and do not necessarily represent or reflect the views of the United Kingdom.

U.S. Bans Aid to Countries Recognizing Georgia's Separatists

U.S. PRESIDENT DONALD TRUMP SIGNED THE CONSOLIDATED APPROPRIATIONS ACT FOR 2017 IN MAY, INCLUDING A NEW CLAUSE THAT BANS THE U.S. GOVERNMENT FROM SENDING FUNDS TO ANY COUNTRY THAT RECOGNIZES GEORGIA'S TWO BREAKAWAY REGIONS OF ABKHAZIA AND SOUTH OSSETIA.

Georgian officials have praised a new U.S. ban on government support to countries that recognize Georgia's separatist regions of Abkhazia and South Ossetia.

This is the first time the U.S. government has officially added a passage concerning Georgia's breakaway regions in a spending bill, the Georgian Ministry of Foreign Affairs noted in a statement published on May 6.

Georgia is mentioned in the section on Russian aggression, in the passage

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"Occupation of the Georgian Territories of Abkhazia and Tskhinvali Region/ South Ossetia." The document instructs that no government that has recognized the independence of, or has established diplomatic relations with, the Russian-occupied Georgian territories of Abkhazia and South Ossetia may receive U.S. financial aid.

ACT OF SOLIDARITY

"The Consolidated Appropriations Act, 2017, which includes a passage supporting Georgia entitled 'Occupation of the Georgian Territories of Abkhazia and Tskhinvali Region/South Ossetia,' is an act of solidarity with Georgia and demonstrates the U.S. Government's unwavering commitment to its territorial sovereignty and independence. The legislation sends a clear message to any state that may be inclined to recognize the independence of, or establish diplomatic relations with, the Russian-occupied Georgian territories of Abkhazia and Tskhinvali Region/South Ossetia that this will have consequences in their relations with the United States," said U.S. Ambassador Ian Kelly.

Foreign Minister Mikheil Janelidze said the act will be instrumental in restoring Georgia's territorial integrity.

"The U.S. Congress has actively supported us with our problem. This has been clearly seen in this decision. Although this legislative act still has to be adopted [editor's note: the bill was signed into law on May 5, 2017], certainly after [its] adoption, this will be a key instrument for facilitating [the restoration of] our territorial integrity, sovereignty and [ensuring the implementation of] the policy of non-recognition [of the breakaway regions internationally]," Janelidze told journalists on May 4.

Opposition MP Davit Bakradze told Imedi TV that the U.S. ban "directly provides Georgia with a better future and will make it a more safe and secure country in the future. "Georgian President Giorgi Margvelashvili said the document is "confirmation of U.S. support for Georgia's territorial integrity."

"By making this decision, both chambers of the U.S. Congress, the executive authorities and President Trump himself further strengthened the strategic partnership between Georgia and the U.S.A," Margvelashvili said in a statement posted on president.gov.ge.

GEORGIAN PM MEETS U.S. VICE PRESIDENT, PRESIDENT

Georgian Prime Minister Giorgi Kvirikashvili also thanked U.S. President Donald Trump and U.S. Vice President Mike Pence for their continued support during his May trip to Washington.

"We received strong assurances of positive partnership from the U.S. in every direction. It was a very positive meeting. We discussed every field of our relations, including cooperation in the areas of defense, security, culture, development of democratic institutions, and deeper economic ties," Kvirikashvili said. "It was an important conversation that led to a meeting with the President of the United States, who also provided us with strong messages of support for Georgia. Overall, we believe these meetings to be of paramount importance for Georgia's development and stability. The U.S., as Georgia's major strategic partner, will continue supporting Georgia and these relations will only grow stronger," the Prime Minister stressed.

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NBG INCREASES MINIMUM AMOUNT OF REGULATORY CAPITAL FOR COMMERCIAL BANKS

According to the new Order of the President of the National Bank of Georgia dated 3 May 2017, minimum amount of the regulatory capital of commercial banks in Georgia was increased from GEL 12 million to GEL 50 million. From now on, entities aiming to acquire a bank license in Georgia shall comply with the new capital requirement. As for the existing commercial banks, they will have to bring their regulatory capital to new minimum amount gradually, to GEL 30 million - by 31 December 2017, to GEL 40 million - by 30 June 2018 and finally, to GEL 50 million - by 31 December 2018.

SMOKING BAN IN GEORGIA – COMING SOON

It has been almost a year since the bill of amendments to the law on tobacco control was lodged to the Parliament of Georgia. Despite controversial public opinion, the bill actually made it to the third and final hearing at the Parliament and was adopted by absolute majority of votes. Pursuant to the new law, smoking will no longer be allowed indoors, including hotel rooms, restaurants, cafes or clubs. If previously restaurants and cafes could designate smoking areas, the new law excluded such possibility. Notably, only the establishments specifically built and licensed for that end, may allow their customers to smoke tobacco, provided that such places may sell only tobacco products and beverages. The ne law took the tobacco control to the extreme – advertisement of any kind of tobacco products or promotion of smoking or other forms of tobacco consumption is strictly prohibited. The regulations come into play gradually from 2018 to 2021, thereby giving the entrepreneurs reasonable time to adjust to the new requirements.

LONG ANNOUNCED POINTS SYSTEM FINALLY ENACTED

The Georgian Parliament has approved amendments to traffic safety regulations establishing demerit points system from 1 July 2017. Under the new system, drivers are given 100 points each year. Points will be deducted each time a driver infringes traffic safety rule(s). For instance, drunk driving subtracts 30 points, talking on mobile phone while driving – 15 points and so on. If a driver loses all points, his/her license will be suspended for 1 year. For the short period running from July to December 2017, drivers will nevertheless be granted 100 points. The point system is expected to dramatically reduce traffic-related death rate in Georgia.

SETTING STANDARD FOR DISMISSAL OF AN EMPLOYEE - IMPORTANT APPELLATE COURT INTERPRETATION

Recently published ruling of the Tbilisi Court of Appeals dated 25 November 2016 sheds some light over the standard for evaluation of lawfulness of dismissal of an employee. The court held that the only fact that needs to be examined when assessing lawfulness of the dismissal, is the one indicated as the reason for dismissal on the respective dismissal notice. The court stressed that general background, which could have led the employer to termination of employment is irrelevant, unless this is directly indicated in the dismissal order. The court reiterated the principle of Ultima Ratio and its importance in social welfare, highlighting that for the purposes of protection of rights of employees, the employers should exercise the right to dismissal only in extreme circumstances, when the goal is unattainable with less restrictive measure(s).

NEW GOVERNMENT AGENCY TO SUPPORT BUSINESS, EXPORT AND INVESTMENT

From 2017, all state programs focused on the development of business and investment in Georgia and targeted on export growth will be united under the umbrella of "Produce in Georgia" – a new state agency. The agency shall administer new governmental program combining three components: business (local production), export and investments. The reform aims to bring state support of entrepreneurship and investment under one roof to better attend their needs in Georgia. In the long run, the agency plans to appoint commercial attaché for promotion of economic interests of Georgian entrepreneurs in selected foreign countries.

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GEORGIA: An "Island" of Democracy and Economic Liberty in the Caucasus

GEORGIA'S COMMITMENT TO REFORMS IS WELL DOCUMENTED. THE COUNTRY HAS MADE PROGRESS IN MOST AREAS, INCLUDING INDICATORS OF ECONOMIC LIBERTY AND DEMOCRACY, AND HAS SURPASSED THE RANKINGS OF MOST OF ITS NEIGHBORS. IS THAT ENOUGH TO SET IT UP FOR SUCCESS A LA SINGAPORE?

Since Georgia's 2003 Rose Revolution, the country has been focused on reform. Its successes have been well documented: less corruption, increased transparency, freer economy, better elections.

Georgia's progress, in fact, has pulled it away from many of its neighbors: in terms of indicators for doing business, fighting corruption and economic freedom, the country is steps ahead of Armenia, Azerbaijan, Russia and Turkey.

MOVING UP THE RANKS

The World Bank's Doing Business Report, which looks at the regulations that help—and hinder—the business environment in a country, placed Georgia in 16th place—seven ranks higher than in 2016, and the top performer in the region.

By comparison, neighboring Armenia was ranked 38th; Azerbaijan was ranked 65th; Turkey was 69th in the list and Russia was 40th.

In the Heritage Index of Economic Freedom rankings, Georgia went up several points, improving from 72.6 percent to 76 percent, which means it maintains its classification as a "mostly free" economy—the only one in the region. Armenia, with 70.3 percent ranking, is classified as "moderately free." Azerbaijan and Turkey are both ranked as "nearly free," while Russia is ranked as "mostly unfree."

In the Global Competitiveness Index, Georgia increased its ranking from 66th to 59th place. While that is not the highest score in the region—Azerbaijan (37), Russia (43) and Turkey (55) all rank higher—it is a part of the country's trajectory upward.

While good rankings do not always guarantee major investments and economic growth, countries have benchmarked their success by improving their rankings.

A SECOND SINGAPORE?

An example that often comes up is Singapore, the island nation that transformed from an underdeveloped country in 1965 to an economic powerhouse.

In a 2015 report, The Economist outlined three steps that have helped Singapore's economic success: (1) its strategic location and natural harbor; (2) welcoming foreign trade and investment; and (3) a small, efficient and honest government.

Georgia is on its way to all three of those traits: it has a strategic location as a natural trade hub; it is working to lower barriers for investment and negotiate good trade deals; and the government's reforms aim to create a small, efficient and uncorrupt state.

Michael Hikari Cecire, a fellow at the Foreign Policy Research Institute, noted that "there was always something to Georgia's aspirations to emulate Singapore."

He added that while there have been different political motives for speaking of Singapore in the past in Georgia, there was "little evidence that Singapore's development model was truly studied, much less internalized, for the Georgian context."

There are also notable differences between the two countries, noted Eric Livny, the president of the International School of Economics at Tbilisi State University and of ISET Policy Institute.

"I am not sure Singapore is an oasis of economic or political freedom. It is very successful economically, and is famous for having a greatly centrally managed education system.

But it is not known to be a liberal haven. An economically liberal dictatorship, at best," he wrote in an e-mail interview with *Investor.ge*.

"Georgia is a very different place. The local culture is much more rebellious and unruly than anything you might encounter in East Asia," Livny added.

FOCUS ON PLANNING

For Georgia to build on its success—both natural as a strategic transit state and earned on its reformist merits—it needs to do more state-building, Cecire noted.

"For Georgia, being a transcontinental connector state as well as a relative island of democratic governance and economic liberalism in the region, it certainly can do more to position itself as a kind of regional 'Singapore.' But such a policy is not about frequent political declarations or development gimmicks, but the long, difficult, and oftentimes tortuous process of building a new kind of state from the ground up," he said.

A long-term strategy was a key part of Singapore's success, noted Michael Kortenbusch, the principal founder and managing director of Business & Finance Consulting (BFC).

"Singapore's great success would not have been possible without proper execution on its long-term strategy. There is no

reason why Georgia could not achieve the same," he said in a Skype interview.

"Most critical will always be a clear long-term vision, proper planning, strong leadership and consequent implementation," Kortenbusch added.

HOME STRENGTHS

Singapore has also benefited from playing to its strengths.

The Economist noted that the island sits at the mouth of the Malacca Strait—at the heart of "perhaps 40 percent of maritime trade."

Georgia has its own competitive "assets": ancient and traditional trade routes, noted Livny.

"Economically, we have to remain free, because we survive on facilitating trade flows and tourism (attracted by our beautiful landscapes, unique cuisine and hospitable culture)," he wrote.

"These are the only internationally competitive 'assets' we have. Keeping the borders open and the economy free are the only ways to exploit them," Livny said.

Investing at home is also crucial, Cecire said.

"Economically, Georgia's traditional emphases on a liberal regulatory environment and foreign direct investment are necessary but entirely insufficient steps. The greater and more sustainable prize will come from investing in the country's human capital and physical infrastructure; if Georgia wants to be the next Singapore, it doesn't need shiny glass towers, it needs a large pool of extremely well-educated, globally agile workers," he said.

"That means better secondary and especially post-secondary education that can compete with the world's best. Georgia speaks frequently about being a future transit and logistics hub, but it still lacks a fully developed, rapid east-west highway, among other things.

And, frankly, Georgia needs a foreign and national security policy that both speaks softly and carries a big enough stick to make its potential digestion as entirely unappealing as possible."

He added that Singapore's success has also been a product of its drive to stay a step "ahead."

"The real lesson from Singapore is about excellence in all endeavors. One Singaporean official once told me that they 'always had to be ahead' just to survive, and if you look at Singapore's development even from its impoverished, early days of independence, that principle has been a kind of constant throughout their government, industry, and cohering national identity," Cecire said in an e-mail interview with *Investor.ge*.

"In military affairs, that meant a dedication to a credible defense at all costs; economically, it meant a culture of innovation and the development of human and physical infrastructure that was second to none; diplomatically, it saw the development of a canny and unsentimental foreign policy that staked out ambitious goals with achievable objectives," explained Cecire.

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CAN EMIGRATION BOOST DEVELOPMENT?

Recent empirical findings in Georgia

A CRRC-GEORGIA CONTRIBUTION

Despite a lack of reliable statistical data, we do know that labor emigration was an important coping strategy for the population of Georgia throughout the 1990s and 2000s, and it still plays an important role for the well-being of many families. But what do we know about the impact of emigration more generally? Is there solid and empirically sound evidence about how emigration is affecting the country's development? While helping families survive, are emigration and remittances eventually leading to economic growth, or is emigration leading to brain drain, or even depopulation? The OECD Development Centre's recent global project aims to answer these questions for ten very different countries worldwide, including Georgia.

The OECD/CRRC-Georgia's report on Interrelations between Public Policies, Migration and Development in Georgia (IPPMD), which launched in March and can be found at https://www.oecd.org/publications/interrelations-between-public-policy-migration-and-development-in-georgia-9789264272217-en.htm, investigates the development potential of emigration and return migration, and is based on solid empirical data collected in 2014. The survey findings, from households with and without emigrants, show that emigrants from Georgia are, on average, younger compared to the household members remaining in Georgia, at 42 and 47 years old, respectively. As expected, 80% of these emigrants have left to work.

Over time, there has been an impressive increase in the amount of remittances from emigrants from Georgia. Although exact figures are nowhere to be found, existing estimates suggest that the value of remittances increased from approximately USD 300 million in 2004 to approximately USD 2 billion in 2014. According to CRRC's 2015 Caucasus Barometer survey, which can be found at http://www.caucasusbarometer.org/en/cb2015ge/INCSOUAB/, 16% of households named money received from relatives living abroad as a source of household income. However, it is well known that this money is spent almost exclusively on consumption, including spending on real estate (e.g., purchasing or renovating household dwellings), with a smaller share allocated for the medical and educational expenses of household members. Remittances are extremely rarely put to use in productive investments, e.g. starting businesses. Thus, their development potential has yet to be realized.

To increase the development potential of monetary remittances, the Government of Georgia should develop targeted policies. The OECD/CRRC-Georgia's report (a link to which is found above) provides some recommendations in this respect.

According to the IPPMD survey findings, households in urban settlements that report receiving remittances are more likely to have a bank account than those households receiving remittances that are located in rural settlements.. This finding logically calls for further development of the banking sector in rural settlements. Although the development of and access to money transfer channels have been rather impressive for both emigrants from Georgia and their household members, these channels can still be improved by making them faster and cheaper.

Business and entrepreneurial education has always been lacking in Georgia, which obviously plays a role in hindering the development potential of remittances. For remittance receivers, educational programs, including short-term training, could prove important to demonstrate how remittances can be used in a productive way, further argues the OECD/CRRC-Georgia report. According to the IPPMD survey findings, members of only 1% of the households participated in a financial training program in the last five years, far too small a share. Importantly, financial education will be beneficial not only from the point of view of how remittances are used, but more broadly.

It is not only money that current emigrants, as well as returnees, send and bring back to Georgia, and non-monetary remittances should also be considered. Experience, knowledge, exposure to different values and know-how can be a significant push for development, both personal and a country's. Although it would be rather impossible to quantify these non-monetary contributions, it is obvious that they, too, provide a resource for further development.

Despite a number of recent research projects on various aspects of migration in Georgia, including the IPPMD project, there are still many migration-related topics to be studied further. It is crucial that such projects continue, and that the Government of Georgia bases its migration policy on regular and reliable empirical evidence.

Georgia Seeks a New Generation of Scientists

THE GEORGIAN GOVERNMENT IS EAGER TO REBOOT THE COUNTRY'S SCIENTIFIC COMMUNITY, WHICH SUFFERED FROM BRAIN DRAIN AND A LACK OF FUNDING IN THE YEARS FOLLOWING THE COLLAPSE OF THE SOVIET UNION. WITH AN EYE ON THE NEW GENERATION, THE GOVERNMENT AND ITS WESTERN PARTNERS ARE INVESTING IN EDUCATION AND INNOVATIVE PROGRAMS TO ATTRACT YOUNG PEOPLE AND BOLSTER THE POPULARITY OF SCIENCE-RELATED PROFESSIONS.

LIKA JORJOLIANI

When Larisa Tsertsvadze graduated from high school in the early 1990s, she dreamed of becoming a physicist and researching the mysteries of the universe.

She studied hard, got good grades and graduated, only to discover the chaos that had permeated the country had eviscerated the science community in Georgia: those who could went abroad. Those who couldn't were working for a pittance or teaching.

Twenty-five years later, Larisa has taught herself through a myriad of new ▸▸

careers, everything from teaching to creating crossword puzzles to designing nail art.

And the government has decided it needs science.

UNPOPULAR PROFESSION

While the sciences were popular and prestigious when Larisa was studying, over the past two decades they have lost ground to other professions—especially business, law, international relations and languages.

But universities and the government are betting on new facilities and modern programs to attract a new generation of students.

Keso Katsitadze decided to study biochemistry after learning about the San Diego State University Georgia (SDSUG) program in Tbilisi.

Now a sophomore, Katsitadze said the new laboratories and U.S. specialists were a big selling point.

"Despite the fact that fashionable professions in Georgia are the faculties of management, law and economics, I decided to pass exams to enter the biochemistry faculty," she told *Investor.ge*.

"Special laboratories have been created for students; specialists from the U.S.A. often visit us and train students. Local lecturers passed special training on teaching methodologies. As for my plans for the future, after receiving a bachelor's degree, I am going to continue my education in the U.S.A. and improve my knowledge in biomedical engineering. I want to create new devices," she said.

FOREIGN TIES

Several Georgian universities are working to upgrade their science facilities and attract more students.

The San Diego State University program is one of the newest. Financed by a $30 million Millennium Challenge Account (MCA) grant, the program offers students several science-related diploma programs and partners with three local universities, Tbilisi State University (TSU), Georgian Technical University and Ilia State University (Iliauni).

"Studies have shown that human capital is a driver of economic growth for developing countries. Georgia has achieved significant progress after the dissolution of the Soviet Union. However, recent studies have identified inadequate quality of human capital as a significant constraint to economic growth. The lack of human capital is particularly acute in the Science, Technology, Engineering, and Math (STEM) fields," noted Chief Executive Officer of MCA-Georgia Magda Magradze.

"To tackle this challenge, MCA-Georgia, with funding from the Millennium Challenge Corporation, is implementing projects in general, vocational, and higher education focusing on increasing the quality of education and developing Georgia's human capital in STEM fields," Magradze added.

As part of the effort to modernize the curriculum, U.S. professors, as well as Georgian professors who have undergone intensive training in the U.S., are teaching 200 students in the program, Elene Aladashvili, SDSUG Communications and Development Director, told *Investor.ge*.

Students can also participate in student exchange programs, studying for a semester or a year at the U.S. campus. The Tbilisi campus also hosts American students. Other Tbilisi-based universities have also unveiled new programs to attract students and increase interest in studying the sciences.

For instance, TSU offers students access to 85 different laboratories, and its physics program has been included in some international rankings.

The university has also partnered

with 200 leading universities and several international organizations, which allows its students to participate in exchange programs—including with 12 European universities as part of Erasmus+—international research and projects, and to obtain foreign diplomas.

Tbilisi Free University is also actively promoting science careers. The head of the biology faculty at the university, Giorgi Muskhelishvili, told *Investor.ge*, that the school opened a genetics laboratory to help foster greater knowledge and interest in the field of genetic diagnostics in Georgia.

"Using innovative devices, students will have the possibility to learn new technologies. In fact, our laboratory will receive young and highly qualified students in Georgia, and new specialists will receive the possibility of employment," he said.

Georgian American University (GAU), Caucasus University (CU), International Black Sea University (IBSU) and University of Georgia (UG) all have successful and growing IT and Informatics programs to address the shortage of qualified IT professionals in Georgia.

Another unique concept for IT research and training is GeoLab, a collaboration between GAU, Georgian Innovation and Technology Agency (GITA), GeoCell and Leavingstone. Modeled after the 24/7 think tanks at Yahoo, Google, Facebook, etc., Georgians are being trained and new IT solutions developed round the clock.

FINDING WORK

Post-graduate employment in the science fields is a crucial part of the puzzle.

Larisa recalled that when she graduated, all the research positions were gone because the research facilities had all closed. What jobs were available paid next to nothing. Scientists, she said, were supposed to work out of "enthusiasm" for the job with little to no financial compensation.

The lack of sustainable employment with a decent wage added to the decline in interest in the sciences, she noted. Today, universities with science programs are trying to change that: some, like Georgian American University, have employment centers, and San Diego State University Georgia holds job fairs.

San Diego State University Georgia is also following the U.S. campus's successful experience of reaching out to the business community to make sure its graduates have the skills they need to find jobs.

The Executive Director of the Association of Employers of Georgia, Lasha Labadze, told *Investor.ge* that this is a crucial component.

"Today the Georgian market doesn't have local technical specialists, and all this impedes economic development. For example, take importing of equipment from abroad: if any manufacturing equipment is damaged, we have to invite specialists from another country [to repair it]. All this makes business more expensive," he said.

He noted that members of the Association, together with Deputy Education Minister Ketevan Natroshvili, have discussed changes to the law concerning professional education.

The talks, he said, are a chance for the Ministry to learn about the concerns of the business sector. The aim of the new law is to improve the quality of the system of professional education, establish links between professional and higher education, and create a system of training and retraining and other innovations.

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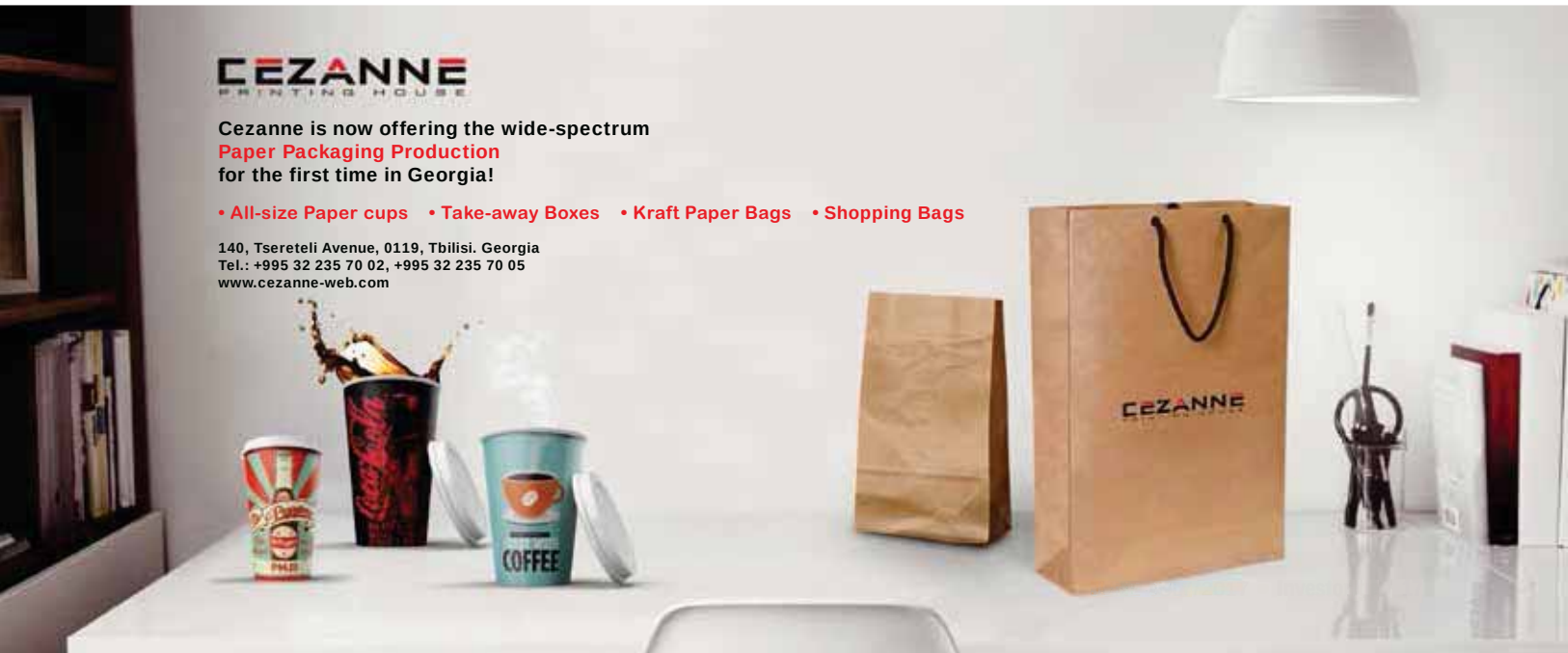

The Avant-Garde of Technology and Art:

Georgians Redefine Digital Marketing

Windfor's Communication campaign

A FEW MONTHS AGO, A DUTCH TOURIST TRAVELING TO GEORGIA WAS TREATED TO AN INCREDIBLE SURPRISE: HE WAS GEORGIA'S SIXTH-MILLIONTH TOURIST AND GOT VIP TREATMENT, WHICH INCLUDED A DINNER WITH PRIME MINISTER GIORGI KVIRIKASHVILI. THE VIRAL VIDEO OF THE SIXTH-MILLION TOURIST CAMPAIGN, CREATED BY A GEORGIAN MARKETING COMPANY, WAS YET ANOTHER SIGN OF THE CREATIVE BOOM IN GEORGIA'S DIGITAL MARKETING INDUSTRY.

MAARTEN DE BOER

Windfor's Communication campaign

Tbilisi has been hailed the last few years for its cultural revolution, which includes its techno clubs, fusion restaurants and stylish hotels. A cultural boom can also be seen across all creative industries in the country, and advertising is definitely one of them. The recent campaign of the sixth-millionth visitor is yet another example of how the industry is flourishing.

Windfor's Communication is the creative mind behind the sixth-millionth tourist viral video (viewed over two million times). The company's creative director, Beqa Meparishvili, told *Investor.ge* that the video was a marriage of modern communication tools and Georgian tradition. "With this video we wanted to tell the Georgian people that we had a record number of visitors in 2016 and, simultaneously, we wanted to show foreigners how hospitable this country is." The Georgian campaign was so popular it was covered by international newspapers, as well as advertising publications.

CANNES LIONS

Over the past few years, there has been increased international interest in Georgia's advertising industry: in 2015 a Georgian marketing company, Leavingston, became the first in the country to win an award at the Cannes Lions International Festival of Creativity, the most prestigious international event in the advertising world—it attracts 11,000 registered delegates from 90 countries each year. Leavingstone won Georgia's first Cannes Lion (Bronze) in the category "Launch or Re-Launch" for its internet commercial "Statue Just for Loving Beer," which promoted Georgian beer company Natakhtari's new product, "34 beer." That was only the beginning. A year later, Leavingstone won another Bronze Cannes Lion in the PR category for the internet commercial "100% Real Virtual Reality." In this commercial, random Georgian people got to wear VR-glasses, through which they saw an Irish pub. As soon as they took off the glasses, they found themselves standing in the actual pub.

And there were more successes in 2016. Bank of Georgia won a Cannes Lion (Gold) for their campaign on climate change. Furthermore, in the Cannes Young Lions competition—a competition for marketers under 30—Georgia was selected as the best representative of 2016.

GEORGIA'S SUCCESS

While it took several developed countries years to gain success in these international competitions, Georgia has become successful within a relatively short period of time. Vakho Vakhtangishvili, co-founder of the company

Windfor's Communication campaign

Leavingstone, believes that is because "every Georgian thinks like a hacker."

"When you don't have enough resources, the only way to beat the system is to hack it. Look at what happened in the '90s when we did not have electricity. People were tapping it from hospitals and railway stations. Even if there are no resources, we still manage," he said.

"It appears that we are compensating the lack of profound knowledge of technology with creativity. And people here have an internal drive to create something. It's in their DNA to leave their signature in some way."

Leavingstone was the first locally-based company to fully focus on digital campaigning. Today they have 115 employees working in eight departments, from social media to web design and creative campaigns.

Vakhtangishvili noted that the "digital marketing industry in Georgia is not designing something of Georgian quality, but something of international quality. It has outgrown Georgia." This trend, he said, is reflected in the company's clients and portfolio. "In all units, the strategic goal is to decrease the percentage of business of Georgian companies in favor of international clients," he said.

"TECHNOLOGY AS THE TOOL, ART AS THE COMMUNICATION"

"Within the last six years, things have changed," says Vato Kavtaradze, founder and CCO of Windfor's. He founded his company in 2004 and saw Georgia develop from a country with no advertising to a country with a booming advertising industry. "People have become culturally aware and have realized that life is about responsibility. That it's not about others, but that it's up to you to do something. There is an entrepreneurial spirit, which is like a wind that is blowing away the Soviet atmosphere that was here," he said. He believes that several factors have influenced Georgia's success.

"First of all, people want to be part of success. Success is contagious; it attracts. And there is also a degree of sport—there is competition. You can bring the flag of your country to international heights. The establishment of a platform (www.marketing.ge) and of Georgia's Association of Communications Agencies (comprised of 13 Georgian advertising companies) have also been essential for this development," he noted.

Kavtaradze added that Georgians' passion for the work is pushing the local industry forward.

"For me, this is the most interesting profession. It's a synthesis of making art, business and combining it with psychology. You are always in the avant-garde, with technology as the tool and art as the communication," he said.

From Open Markets to Online Bazaars:

Tbilisi's Evolving Retail Market

IN THE LAST DECADE, THE GEORGIAN CAPITAL HAS WITNESSED A NOTABLE GROWTH OF MODERN GROCERY RETAILERS AND MODERN SHOPPING CENTERS. INVESTOR.GE TOOK A CLOSER LOOK AT THE CHANGING NATURE OF RETAIL IN TBILISI AND INVESTIGATED HOW THAT IS AFFECTING TRADITIONAL MARKETS.

GIULIA BERNARDI

Traditionally linked to bazaars, open markets, street vendors and family-run shops, the Tbilisi retail landscape has undergone significant developments over the last few years.

A MODERN COMPETITOR

The growth of hypermarkets and supermarkets have given Georgian customers an appealing alternative to bazaars and small corner stores: the possibility to shop in a clean and modern environment with a wider range of products.

Nukri Nozadze, the administrator of Borjomi Bazaar, told *Investor.ge* bazaars have lost part of their clients to the modern markets.

"Part of our clients, who belong to the middle class and used to shop in bazaars, has switched to supermarkets. There they can shop in a significantly more comfortable situation than in bazaars, and they can find those products that they cannot find in local open markets," he said.

While hypermarkets have been around for a bit longer, shopping malls appeared in Georgia only a few years ago. Tea Lominadze, Marketing Director of East Point, told *Investor.ge* that since their opening in 2015 profits have been constantly growing.

She would not provide figures, citing commercial secrets. But she noted that "since our opening, we are rising from month to month. It is a matter of time: customers will switch from bazaars to shopping malls."

Since Tbilisi Mall opened in 2012, several other projects followed: Gldani Plaza and Gldani Mall opened in 2014, East Point in 2015. Hualing Mall, Gldani Central and Galleria Tbilisi are currently under construction.

"We are gaining the trust of people by offering a good atmosphere and comfort, competitive prices and a better selection

compared to that offered in non-branded shops," said Tina Kukhianidze, Executive Director of Gldani Mall.

Dariusz Rudzinski, Shopping Center Manager of Galleria Tbilisi, notes that the malls are creating an experience beyond shopping.

"We create malls and shopping centers to give our customers an experience. Shopping is fun—it is not just to buy. Galleria Tbilisi will be attractive and affordable to everybody," Rudzinski said.

Vendors in bazaars complain that their sales have diminished since the opening of hypermarkets and shopping centers.

"Big shopping malls interfere with our business. The more they open, the fewer people will come here. They create higher competition," said Laila, who ▸▸

Tbilisi's Plan for Street Vendors

Tbilisi Municipality started a program to clear Tbilisi streets of street vendors in November 2016.

While Georgian law forbids selling goods on the street, it is still a widespread practice.

The first stage of the program is to move illegal vendors out of all the main tourism destinations and the areas around the metro stations.

Eventually, official vending spots will be established around the city for a defined list of products, according to Irakli Lekvinadze, the Deputy Mayor of Tbilisi City Hall.

"The first step of the plan was to completely eradicate street vendors. But the second step will be to define specific products that can be sold on the street, such as magazines, newspapers, flowers and paintings. This will be allowed only in certain places, and they will be subject to very strict regulations," he told *Investor.ge*.

All street vendors will be moved to organized markets, he said, noting that City Hall has been negotiating with the Association of Bazaars in order to provide sellers with alternative solutions. Street vendors have been offered to move to regular markets without having to pay rent for the first six months. At the moment, 3,000 such places have been offered.

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sells fruit and vegetables at the Borjomi Bazaar. Maia, who sells electronic devices at Lilo Mall agrees. "We cannot compete with them," she said.

BAZAARS AS A SUBSTITUTE

Experts believe that in the short term, bazaars will continue to exist due to their ability to provide needed goods for less.

"As long as the low-income part of the population represents the largest part of Georgians, nothing will change. Asian-style markets existed and will continue to exist," Borjomi Bazaar's Nozadze said.

Esben Emborg, Managing Partner at SEAF, Caucasus Growth Fund, agrees. "Bazaars will be reduced and they will specialize. The shift is already happening and it will continue. But, it still has a strong correlation with disposable income. Many people are still going for the cheapest option possible; therefore, I am sure that bazaars are going to be around for some time," he said.

Eventually, however, bazaars will have to develop and reinvent themselves in order to survive. And some of them are already doing that.

ONLINE FUTURE

Gagua, the President of Lilo Mall, one of the oldest markets in Georgia, told *Investor.ge* that they have decided to turn to e-commerce to compete in today's changing retail market.

"We could have modernized all the shops and transformed Lilo Mall into a comfortable shopping unit. But that would have increased rents for our tenants. Therefore, we are trying to transfer the market onto the internet. Online is the future. We are now creating a website that will work like eBay, but only with Lilo Mall products, and people will be able to buy online," he said.

While Georgians have been using internet sites to purchase goods from abroad, online shopping is still a relatively new option for Georgian stores, and service providers are starting to attract customers to e-commerce.

Tsotne Ebralidze, Managing Director of Hospitality and Real Estate at the Georgian Co-Investment Fund, told *Investor.ge* that at this time online shopping is linked to foreign products.

"I would say it is booming, but not because of the online shops within Georgia," he said.

Emborg agrees that online shopping does not represents a significant part of the Georgian retail sector. "For the local market, it must be less than 1% of the trade. It is a sector that will grow, just like everything else, but I do not see it happening here soon," he said.

Street Vendors Around the World: A $10 Trillion-Dollar Industry

From hot dogs and bottled water, to used books and popcorn, street vendors are a part of urban life in Tbilisi and cities around the world.

There are no reliable statistics on how many people depend on informal street trading, although it is estimated that were roughly 1.8 billion street vendors in the world as of 2012, according to journalist Robert Neuwirth, the author of The Power of the Informal Economy.

"1.8 billion people around the world work in the economy that is unregulated and informal.

That's a huge number, and what does that mean? Well, it means if it were united in a single political system, one country, call it 'The United Street Sellers Republic,' the U.S.S.R., or 'Bazaaristan,' it would be worth 10 trillion dollars every year, and that would make it the second largest economy in the world, after the United States," he said in a 2012 TED Talk.

Gelati Monestary

Kutaisi: Building a New Future for Georgia's Second City

A NEW, FAST TRAIN AND INTERNATIONAL-BRAND HOTEL ARE DRIVING HOME A CITY'S AMBITIONS TO REBRAND AS A REGIONAL CENTER FOR TOURISM.

NANUKA BREGADZE

For the past two decades, Kutaisi has struggled. A former industrial center for Soviet Georgia, its dozens of factories were shuttered following independence.

Kutaisi was plagued by high unemployment and a massive exodus.

But a growing number of tourists and new, multi-million lari investment plans are feeding hopes Kutaisi can rebuild as a tourism and cultural mecca for western Georgia.

NEW LIFE FOR AN ANCIENT CITY

An ancient city located 137 miles west of the capital, Kutaisi has long played second fiddle to Tbilisi.

But it is a town with a history of being great: it was the capital of the ancient kingdom of Colchis (archeologists have found evidence it existed in the 6th century BC) and served as the capital of the united Georgian kingdom between the 9th and 11th centuries.

It regained some of its past importance when the Georgian parliament was moved to Kutaisi and a new, modern airport opened in the city in 2012.

While those projects have not parlayed into the economic boom some hoped for, they have pushed Kutaisi into the limelight—restaurants and hotels have opened to serve members of parliament during the legislative sessions, and cheap flights from European cities have helped nurture the tourism industry in the region.

In addition, Prime Minister Giorgi Kvirkashvili promised a "fresh boost" ▸▸

Prometheus Cave

for Kutaisi in April of this year.

A large, modern university campus is under construction, which will be connected to the Tbilisi Hi-Tech Center to create a single educational complex, he said.

"Kutaisi will become an international college town, which will give it a fresh boost. Historically, Kutaisi has been Georgia's cultural center, and it will also become an important business center, a vital hub for transport, logistics, and tourism," Kvirikashvili said.

TRAIN TO THE FUTURE

There are also plans to start a new, fast train service between Tbilisi's central station and Kutaisi airport next year.

"Kutaisi will become a very important center of Georgia's structural development. Georgia has a well-justified ambition of becoming a regional hub," Kvirikashvili said.

The fast train service requires a new, three-kilometer railroad and a new station near the Kutaisi airport. Work started on April 3 and is estimated to cost 5 million lari. The project is being funded by the Georgian Railway.

Officials are betting the new service, which will give travelers a direct link to flights in both Kutaisi and Tbilisi, will boost tourism to Kutaisi and the rest of the Imereti region.

Kutaisi Mayor Shota Murghulia told *Investor.ge* that the project should create jobs and help develop the service sector in the city.

"All projects that promote the development of the airport are very important for Kutaisi. First of all, [the fast train project] will help tourism development," he said.

"Additionally, the project can increase employment rates. When we are talking about this, we should think about it in two ways: firstly, the project will employ hundreds of people and secondly, increased tourist numbers will develop the service sector and thousands of people will see a profit. The project allows a great deal of potential, because two different types of transport are linked to each other."

Kutaisi, a former industrial center for in the Soviet era, may not strike the casual visitor as a natural draw for tourism.

But the ancient city is full of quiet charm, and has a long history as a cultural capital for the country. In addition, there are dozen famous tourism sites within a day's drive of the city, including UNESCO World Heritage Site Gelati Monestary and the fossilized footprints of Georgia's very own dinosaurs in Sataplia Nature Reserve, to name a few.

The new infrastructure will make it easier for tourists to get to Kutaisi and explore the region, officials say.

Dachi Tsaguria, head of the Georgian Railways PR Department, told *Investor.ge* that the company expects 100,000 more passengers to ride the train once the new service is up and running.

Things to do in Kutaisi

Lonely Planet once described Kutaisi as a city that rewards a walker, which is a polite way of saying the good stuff is tucked away out of sight.

You may have sped past Kutaisi on your way to Batumi or scrambled to make the right turn to grab a burger at the McDonalds before heading out to the airport, and think you know the city.

But away from the highway and the central market, it is a city of small, tree-lined streets and crumbling sidewalks, split by the Rioni River. Here is a short list of places worth a visit in and around the city:

Satsnakheli, a Georgian wine cellar and taste room; Georgian and European food and live music can be found in the Palaty Bar – Restaurant; and the Almano Bar has traditional and nontraditional dishes, as well as live music and karaoke.

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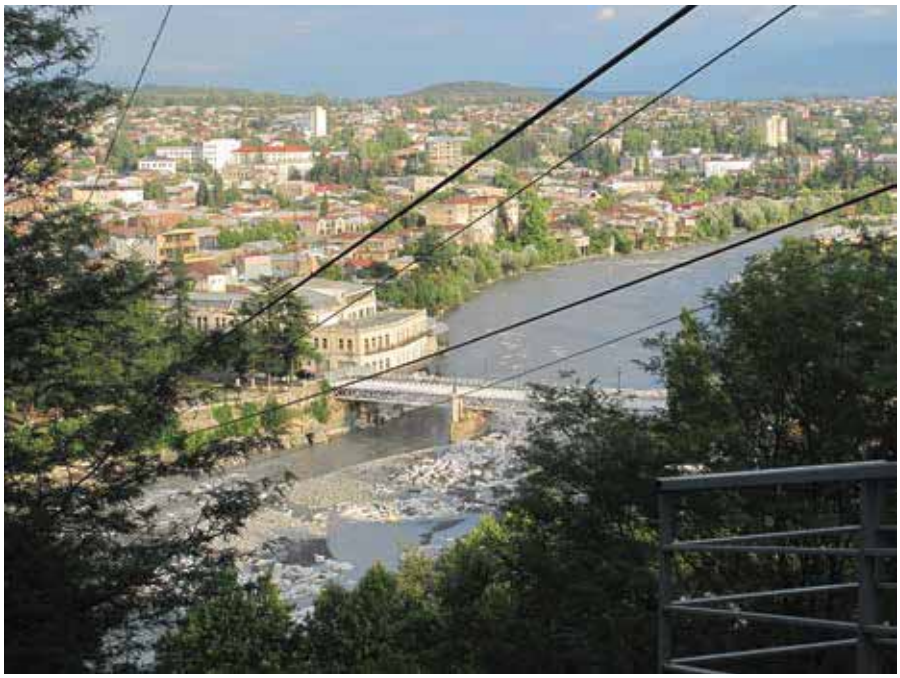
George Molodinashvili, CEO of Aviation Consulting Group LLC, noted that the new rail service will make connections and air travel easier for passengers.

"In some European countries, a railway station has the function of an airport as well. This means that the passengers can pass through the railway station, hand off their luggage, and after getting to the airport with the train, they only have to pass through the aviation security procedures. Also, there are cases when, as a result of cooperation, airline and railway companies offer customers mixed air and rail shipping services," Molodinashvili told *Investor.ge*.

INTERNATIONAL BRANDS

Investors have also noted the potential. The first international brand hotel in Kutaisi—and the wider Imereti region of the country—opened in April.



The Best Western Hotel, financed under the Produce in Georgia government-run program, has already created 200 jobs in the city.

"Studies show that there is big demand for tourism infrastructure in the Imereti region, because various tourist routes across western Georgia spread from Kutaisi. Also statistics say that our visitor flow is growing annually," noted Tariel Gabunia, head of the company Simetria, which built the hotel.

The Mayor told *Investor.ge* that Best Western is just the beginning.

"I am sure hotels will be constructed and other types of infrastructure will be developed in the area near the airport. The point is that many people gather there and such places are good for any business to be developed. As I know, negotiations have already started with the Ministry of Economy about the issue," he said.

"The process is already started in Kutaisi. There is planned construction of a new large hotel. Overall, the number of tourists and airport users will increase and that will improve, with a positive effect on the development of the entire city," he added.

თანდილა ლობი ბარი ჰილტონ ბათუმში | LOBBY CAFÉ TANDILA AT HILTON BATUMI

თან წაიღეთ ნამცხვრები
TO GO BAKERY

თან წაიღეთ ყავა
TO GO COFFEE

To GO

თანდილა თან წაიღეთ
TANDILA TO GO

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FAKE NEWS IN GEORGIA:

The Government's Plan to Tackle Russian Soft Power

THE GOVERNMENT HAS OFFICIALLY RECOGNIZED RUSSIAN SOFT POWER AS A MAJOR SECURITY THREAT. INVESTOR.GE LOOKS AT HOW SIGNIFICANT THE THREAT IS AND HOW TBILISI AIMS TO DEAL WITH IT.

SALLY WHITE

"Georgia officially recognizes Russia's soft power as a major threat" was how Caucasus web-media JAM News heralded Georgia's Strategic Defense Review last month, as though this was something new. Quite understandable–but wrong! Georgia's counterattack has been underway for well over a year now, even if low profile. While the work is underway, NGOs have adopted a wait-and-see stance.

WEAPONIZING THE MEDIA

As everywhere, the extent of Russia's weaponizing of the media, creating "fake news," has grown insidiously in Georgia. Some of it is aimed at nurturing nostalgia, or alarm and discontent, among the unemployed, the older population and in the regions with Azeri and Armenian minorities.

The Georgian Media Development Foundation (MDF), in a USAID- and UNAG-funded 2016 report entitled "Anti-Western Propaganda," found that "the main source of anti-Western messages was the media, which can be divided into two groups: openly pro-Kremlin outlets (Georgia & World, Sakiformi, Politicano) and anti-liberal, ethno-nationalist platforms (Obieqtivi TV, Asaval-Dasavali, Alia) with qualitively identical messages."

Other dominant topics, it found, were "legalization of homosexuality/pedophilia and the perverse mode of life in the West." Many portrayed the West as "a fighter against Orthodox Christianity and traditional values."

As a King's College London report, "Assessing Russia's Power," commented, "The key advantage of Russia's propaganda outlets is that they can easily penetrate the echo chambers of 'communities of grievances.' Their ability to amplify antiestablishment grievances poses a serious challenge both to the domestic stability of Russia's opponents and to the unity of their responses to Russia."

FAVORITE TARGETS

Much of Russia's fake news has been aimed at destablising the country's EU relationships. With the EU having granted visa-free Schengen-area travel for Georgia (a favorite topic of Russian skepticism and anti-EU propaganda), it can be expected to escalate further. Georgia's NATO ambitions, too, are a prime target.

A latest flair-up has been a well-publicized notice on the Russian Foreign Ministry's website warning its citizens that it was risky to visit Georgia–the holiday venue of choice for over a million Russians and a valuable source of revenue. This followed Georgia floating the idea of blacklisting former mayor of Moscow Yury Luzhkov after his high-profile visit, not just to Georgia, but to Georgia's breakaway regions.

CHALLENGING THE NARRATIVE

So, how is this being countered? Back in March 2015, a European Union Council meeting stressed the need to challenge Russia's ongoing disinformation campaigns in the Eastern European Neighbourhood. As a result, the EU created the East Stratcom Team (named after its role of strategic communication) to challenge Russia's campaigns.

The EU also announced it would devote more money and resources to its East Stratcom Task Force to combat Russian fake news in these Neighbourhood countries, which include Georgia. The increased budget covers the https://euvsdisinfo.eu website, identifying disinformation reports and counteracting them. The Task Force's job was defined as

"developing communication campaigns, targeting key audiences and focusing on specific issues of relevance to those audiences, including local issues," as defined by the European Council.

The follow-through in Georgia has been the setting up of StratComs units of its own. Linking in with the EU's task force, the Ministries of Defense and Foreign Affairs have established StratComs units and officers have been appointed in other ministries. There is a coordinating department in the Prime Minister's office that leads on all cross-government messaging. Georgia's StratCom also links in with the media efforts of the EU and U.S. partners in various fields, including the UN and NATO.

Recounting the work in Georgia of the last few months, one of Georgia's EU partners explained that "first there was in-house research on the anatomy of propaganda (i.e. what tools they use; who amplifies their messages; what kind of disinformation they disseminate, etc.). Then there was an assessment of the impact of propaganda and negative narratives…" As a result, Georgia devised and adopted an action plan – together with EU and U.S. – on how best to fight Russia's disinformation campaigns.

POSITIVE AND TRUTHFUL

"The work has two strands. First, it was agreed not to fight propaganda with propaganda, but instead invest in counteracting disinformation with accurate, positive information.

For example, if the propaganda message was that it was expensive to export agricultural goods to the EU, they started engaging directly with local farmers to explain the benefits of free trade with the EU in simple, understandable language. The second strand is improving the Georgian government's own communications, making it more streamlined, with a strong central narrative and core messages. The work on both of these strands is ongoing," *Investor.ge* was told.

Part of the latter is the government's news website, Agenda.ge.

This is being picked up regularly by the commercial sector, including international news service Caucasus Business Week, owned by global media group Euromoney.

Also, as the Office of the State Minister of Georgia on European and Euro-Atlantic Integration itself explains, the Georgian Stratcom units are "continuing to carry out media monitoring and analysis." Backing this up, given the importance of "fact-checking," the government is "enhancing capacity" communications and is very keen on "the importance of media literacy in the country and is calling for increases in various projects in this regard."

As everywhere, the extent of Russia's weaponizing of the media, creating "fake news," has grown insidiously in Georgia.

A NEW STRATEGY FOR CYBER SECURITY

A new National Cyber Security Strategy of Georgia for 2017-2018 will tackle Russian cyberattacks and cybercrimes, identified as a major threat for the country.

Georgia's ambition to join NATO is another Russian target. Here the government has come out fighting in response to NGO and partner criticism that it is not engaging sufficiently with the local population. Extensive work has been carried out with NGOs and international organizations to create a program to "raise awareness in society," including countering Russian propaganda, says the State Minister of Georgia on European and Euro-Atlantic Integration, Victor Dolidze.

"We have reiterated that we do not counter propaganda with propaganda: we fight with civilized, European, Western methods, and this is crucial to raise the awareness of our citizens; [with the] provision of information on the benefits of membership to the EU and NATO; why the EU and NATO and not the Eurasian Union instead.

We would like to bring to everyone's attention that we have an opportunity to better educate our children, to implement more economic and investment programs, to better develop our infrastructure, [and] to ensure our country's economic and political security with stable energy," he added.

PUSH TO DO MORE

This non-aggressive response upsets some activists. There is a lot of appeal for them in having a Radio-Liberty-type platform beaming out humor and satire to which the Russian leadership is so vulnerable! Or in having something akin to what's found in Georgia's favorite role model, Estonia, where Propastop, run by volunteers, regularly debunks news coming out of Russia, defusing propaganda.

Though the Georgian Media Development Foundation would prefer that ruling party MPs abstain from issuing "confusing contradictory messages," the government's new strategies, as announced, tick all of its boxes, at least. "But," the Foundation adds, "it is essential to see the implementation and usage of these documents in practice."

Finding a Niche Among the Khachapuri: The Success of Foreign Fast Food in Georgia

IN A COUNTRY WHERE LOCAL CUISINE IS A MATTER OF NATIONAL PRIDE, ONE MIGHT EXPECT THAT FOREIGN BRANDS WOULD FAIL IN IMPRESSING GEORGIAN FOOD AFICIONADOS. BUT MAJOR AMERICAN BRANDS—MCDONALD'S, KFC, WENDY'S, SUBWAY, DUNKIN' DONUTS AND OTHERS— ARE REPORTING 15-20 % ANNUAL GROWTH AND, AMID GROWING COMPETITION, KEEP EXPANDING. INVESTOR.GE LOOKS AT HOW LOCAL COMPANIES OBTAIN AND MAINTAIN A LICENSE FROM WORLD-KNOWN BRANDS—AND HOW THEY ARE FINDING A NICHE IN GEORGIA'S RICH FOOD CULTURE.

MAIA EDILASHVILI-BIERMANN

When McDonald's debuted in the Georgian capital in 1999, Tbilisi residents were ostensibly more interested in a stable electricity supply than a Big Mac.

But those famous Golden Arches—Georgia's first international fast food franchise—found success.

UNLIKELY BREAK

The timing was lucky: Georgia fit into a corporate plan to expand McDonald's internationally.

"At that time, McDonald's had a plan to expand to all countries, up to the Great Wall of China. We were lucky to get that chance. On the other hand, Armenia still has yet to get its first McDonald's and Kazakhstan opened its first McDonald's only last year," Tengiz Kapanadze, managing director at McDonald's Georgia, recalled in an interview with *Investor.ge*.

Before being allowed to open the first McDonald's in Tbilisi, we had to attend training sessions in various countries for two years, Kapanadze recalls. "The first restaurant on Rustaveli Avenue was opened by 13 managers, plus an expat operations consultant was assigned to oversee the process. A year and a half later, we were told that McDonald's Georgia could continue independently," he said.

Now McDonald's Georgia has 11 restaurants, plus a logistics center, and employs approximately 930 people, with an average age of 20-22 years. "At our office, 70% of employees holding senior positions are former employees," Kapanadze said. The 20-person management team is running the whole business, which enjoys a 60 million lari annual turnover (approximately $26 million).

INTERNATIONAL STANDARDS, LOCAL TASTES

After McDonald's broke into the market, Georgians developed a taste for hamburgers and French fries—and fast food menus started to adapt to Georgia.

Georgia's Wissol Group has gone the furthest in terms of localizing fast food offerings. The company, which owns petrol and supermarket chains as well, has introduced khachapuri and lobiani to the menu at its Dunkin' Donuts franchises.

It has also brought Wendy's to Georgia.

From the beginning, Wissol Group tried to make it clear for Georgian consumers that their restaurants would not be about fast food, but rather a chain of American restaurants, Soso Pkhakadze, President and Chairman of Wissol Board of Directors, told *Investor.ge*.

He noted that they decided to try two of the most famous Georgian dishes—khachapuri and lobiani—on the menu for three days as a test at Dunkin' Donuts."It turned out that Dunkin' khachapuri has become our number one best seller and Dunkin' lobiani is number two," Pkhakadze noted. He underlines that it was a bold decision, as Georgian customers all know how a great khachapuri and lobiani should taste.

The company also started to localize the products they use in both their Wendy's and Dunkin' Donuts restaurants, including the beef, chicken, bread and ice cream.

Pkhakadze considers this to be the biggest breakthrough. "We have replaced approximately $10 million worth of imports with local production," he said, naming this as the company's biggest achievement in the restaurant industry.

The only product that they still import is potatoes, he said, which they need to make French fries. They are looking for a way to source that locally as well, he added. "People are very happy when they hear that we have only Georgian-produced stuff," he said.

QUESTIONS OF QUALITY AND QUANTITY

But not all franchise arrangements allow for so much latitude.

KFC Georgia CEO Zurab Neparidze told *Investor.ge* that when opening a new outlet, everything from its location to design details such as the color and shape of the restaurant's letters, needs to be agreed upon with the KFC regional office.

"The kitchen equipment has to be produced by companies approved by KFC," he said.

That can limit what restaurants can tweak in their menus.

"Our menu follows guidelines set for the former CIS and Eastern Europe," Neparidze noted. "However, every two or three months, we have a French week or Italian week, when certain ingredients change to highlight flavors typical of those countries."

For KFC, one solution has been to interest the parent company in adding Georgian items to the global offerings.

The head office has shown interest in local food, particularly sauces, Neparidze said. "Tkemali sauce might be introduced as a variety of KFC sauces in the future. Just like KFC has French or Italian weeks throughout its worldwide network, they may organize a Georgian week too," he said.

Quality and quantity is also an issue for international franchises.

"Based on quality-control issues and international standards, we are limited in this regard. Everything needs to be coming from suppliers approved by McDonald's headquarters," Kapanadze of McDonald's Georgia said. "However, sometimes we take ingredients from two countries and make a single product."

KFC Georgia's Neparidze also admits that depending on regions, the taste of a product can be tweaked. For example, the biggest bestseller of KFC, chicken wings, is little less spicy in Georgia than it would be in any of the Western European chains.

He noted, however, that while KFC Georgia cannot use local chicken since it does not match KFC standards, they can purchase other Georgian products to use as ingredients in their restaurants.

Subway Georgia has an authorized supplier, which imports products from Europe.

Locally, they buy only vegetables because they need to be fresh and Georgian vegetables are tastier than those that are imported, Givi Ordenidze, Subway's Development Agent in Georgia, said.

McDonald's has also found a way to engage with the local market: this year they opened a Georgian logistics center.

Subway Georgia has an authorized supplier. Locally, they buy only vegetables.

Kapanadze explained that even though imported products are costlier, McDonald's Georgia cannot buy products locally due to international food safety standards. "If you take our burgers, each box has its code, allowing one to find out the origins of that meat within two hours: from which farm the cow/pig comes from and what was their food," he says.

Their food supply mainly comes from Germany, Holland and England. The opening of the logistics center allows McDonald's Georgia to be integrated into the brand's international logistics system and, if need be, they can supply other countries such as Azerbaijan, Armenia or Kazakhstan.

They can also change the menu based on local habits, like Georgians' long fasting periods. "Accordingly, we already have certain products to offer during times of fasting, but we would like to increase this list," KFC's Neparidze said.

ROOM FOR GROWTH

The mix of foreign and local appears to be working for all the major food franchise brands in Georgia.

"On average, each of our restaurants contributes half a million lari ($206,000) to the state budget annually, gives jobs to around 60 young people and produces 20 managers, at a minimum, with international qualifications," Kapanadze of McDonald's Georgia said.

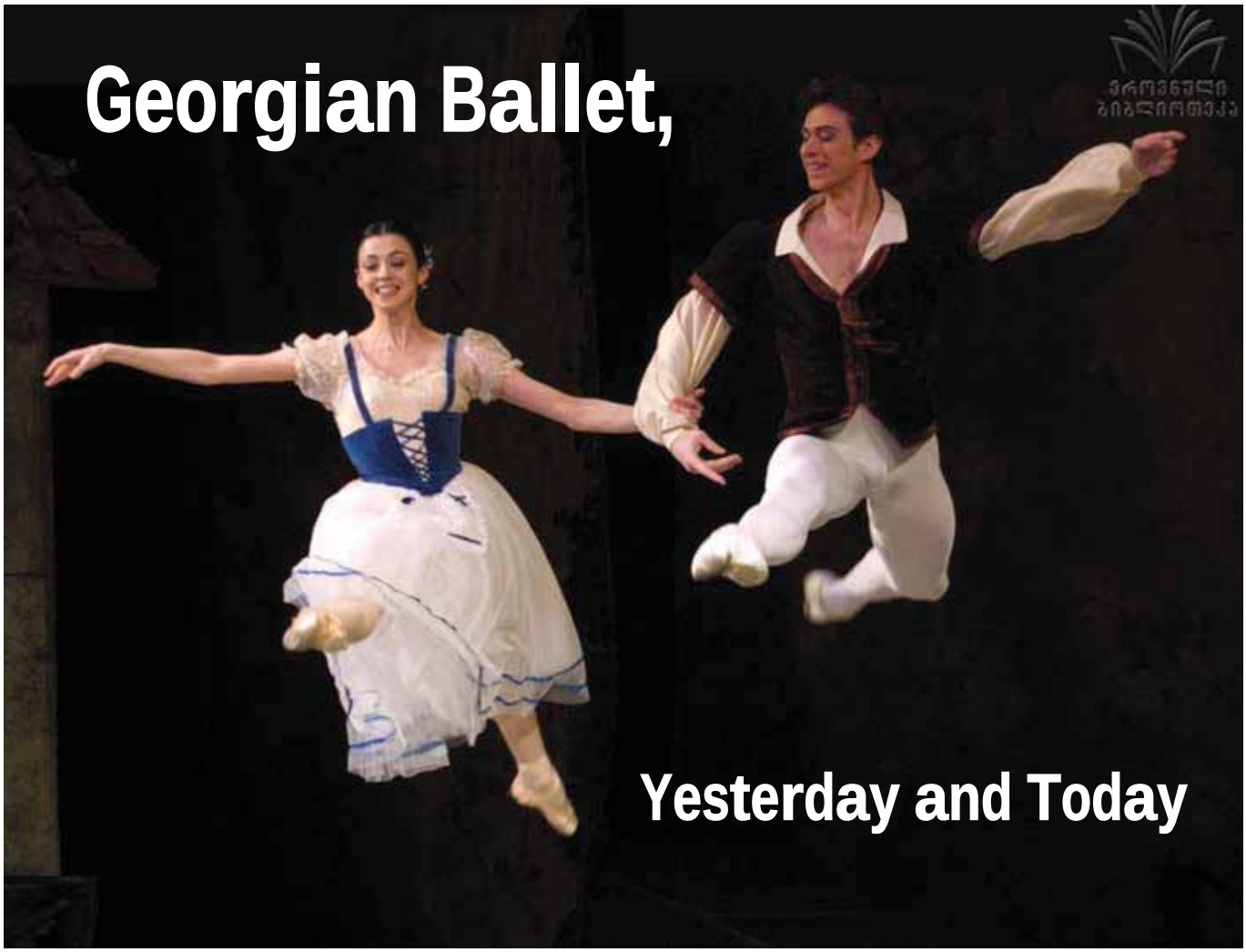
Since it was founded, McDonald's Georgia has contributed 57 million lari ($23 million) to the state budget and invested 59.5 million lari in its business. This year, apart from plans to open a new restaurant in Gallery Tbilisi, a shopping mall under construction on Rustaveli Avenue, McDonald's will open a new restaurant in the western Georgian city of Kutaisi. The company expects to report 20-22% annual growth this year.

Wissol Group is similarly enthusiastic about the future: in the first four months of 2017, sales have grown by 14% at Dunkin' Donuts and by 15% at Wendy's. "We have localized our supply as of December and we attribute this growth to this important achievement," Pkhakadze said.

Currently, there are eight Wendy's restaurants in Georgia and all of them are profitable, according to Pkhakadze. There are 17 Dunkin' Donuts restaurants and 85% of them are profitable. Six new restaurants are under construction, he said, and by the end of 2017, there will be a total of 31 restaurants from both chains in the country.

Subway Georgia is also optimistic. "This year we have 15% growth compared to last year, on average, which makes us one of the leaders in our network in central and eastern Europe," Subway's Givi Ordenidze said.

Georgian Ballet, Yesterday and Today



THOSE WHO HAVE LIVED IN GEORGIA EVEN FOR A SHORT WHILE WILL SURELY HAVE NOTICED HOW ARTISTIC AND EXPRESSIVE THE GEORGIAN PEOPLE ARE. FOR INSTANCE, IT IS HARDLY POSSIBLE TO EXPERIENCE A GEORGIAN SUPRA DURING WHICH PEOPLE WON'T BE SINGING OR DANCING. MUSIC AND DANCE SEEM TO BE PROGRAMMED INTO THE GENES OF THIS NATION. MAYBE THIS IS WHY THIS COUNTRY HAS BROUGHT FORTH SO MANY EXCELLENT ARTISTS AND DANCERS.

TATJANA MONTIK

Georgians love to dance. The tradition of the Georgian dance is centuries old. And classical ballet is a small child compared to this grandpa. But, nevertheless, Georgia is the home country to several famous dancers who shaped and reshaped the art of international classical ballet.

The most outstanding ones are George Balanchine (Balanchinadze) and Vakhtang Chabukiani, two Georgian dancers who gained worldwide popularity in the '30s.

With George Balanchine (1904–1983), seen as the father of American ballet and as the co-founder of the New York City Ballet, American ballet became what we know and see today.

Balanchine was born in St. Petersburg, Russia, and worked in Paris for the famous Sergei Diaghilev's Ballets Russes before moving to the United States.

The Ballets Russes revolutionized classical dance by bringing into the focus the dancer's movement, performed to accompaniment by commissioned works from avant-garde composers such

as Igor Stravinsky, Claude Debussy, and Sergei Prokofiev. Vakhtang Chabukiani (1910–1992), is considered to be one of the most influential male ballet dancers in history. Unlike Balanchine, he lived and worked in the Soviet Republic of Georgia, and he revolutionized men's dance and the role of men in classical ballet by adding temperament, a Georgian trait, to classical works.

In order to learn more about ballet traditions in Georgia, I met with Nino Ananiashvili, a Georgian dancer and a living legend of the Georgian ballet, who is now the art director of the Georgian National Ballet Company. In 2016, she was selected as one of 12 greatest ballerinas of all time by the British newspaper The Telegraph. At 54, she is also one of the few ballerinas in the world who has continued dancing after her glorious 35 years on the stage, providing a living example of vivid artistic beauty for her students and the audience.

I walk into the side-entrance of the building of the National Georgian Theatre for Opera and Ballet, filled with several historic rooms.

I wait for Nino in her office, and she enters the room, approaching me in a vivid, cheerful way. When I stay close to her for the first time, I am conquered by her gazelle-like eyes, which remind me of the eyes of a child: curious, open, full of life and ideas. And so she immediately puts me at ease with her personality.

Nino is a sparkling woman in real life, not just on the stage. She looks and moves like a teenager girl, tender and slim, and incredibly enthusiastic.

Nino presents to me a book documenting generations of Georgian ballet dancers, which she recently helped to write and publish. We leaf through the beautifully restored and reprinted photos as she points out that she felt this book needed to be published. "Last year we celebrated the 100th anniversary of the Georgian Ballet Art State School."

A former prima ballerina at the Moscow Bolshoi Theater with a splendid 23-year career, Nino admits to have had a very fulfilling professional life. "In daily life, I feel like Kitri, the main heroine in Don Quichotte," she says. "To complain is not my nature, nor can I stay sad for a long time." Maybe there are these qualities that give her momentum to continue with dance.

"Unlike the Russian ballet, which was founded by the French choreographer Maurice Petipa, Georgian classical dance has its roots in the Italian ballet school," Nino explains. "The first ballet school in Georgia was founded by the Italian dancer Maria Perini, who had a ballet studio in Tbilisi located in the building of today's Art Academy. Vakhtang Chabukiani graduated from this ballet studio in 1924."

Only one of her many dreams could not come true, she regrets. She always wanted to meet her famous countryman, George Balanchine. "Who knows how my life would have developed, if I had met him and learned from him one day?" she asks.

"Unfortunately, Balanchine's ballets were not staged in the Soviet Union during the Soviet period. In Balanchine's innovation, the tradition of socialist realism saw only formalism. And besides, we Soviet dancers of the Bolshoi Theater had no chance to work directly with great contemporary choreographers. All ballets we performed were staged by Yuri Grigorovich, the art director of the Bolshoi Theater who dominated the Soviet ballet scene for 30 years, and they had to be in the choreography of Maurice Petipa or in Grigorovich's own interpretation."

It was only much later, in the beginning of perestroika, that Nino and her dance partner, Andris Liepa, had the chance to visit the United States and dance as invited artists with the New York City Ballet. It was the first time that they studied and performed ballets with George Balanchine's choreography, which differs a lot from the classical Russian ballet tradition. "It is all about another speed, another choice of music and about another lexicography," Nino explains. "In New York, people saw us as guinea pigs. Will they manage to dance Balanchine with their background in Russian ballet education?" It was then, when she learned to value the Russian ballet school. "I did not expect it, but it was true. With our classical Russian ballet background, we could dance anything, and we could do it in such a way that everybody would write about us."

While talking about ballet, her lifelong passion, Nino frequently mentions her teacher, the Bolshoi Theater ballerina Raisa Struchkova, whom she warmly calls her "ballet mom." "Ms. Struchkova was not only a great ballerina, but she was an incredibly good teacher. She let me into so many small dance secrets only a real master can know. She guided me everywhere. When I first came back to Tbilisi to dance in Don Quichotte, she accompanied me in order to support me and to "protect" me from too much supra-ing, the Georgian traditional endless feasting, and from the excessive company of well-meaning friends and relatives."

Echoing her mentor, Nino has a "mom's" role for her own students now. She has become a passionate teacher. In 2004, she was invited by the then-Georgian President Mikhail Saakashvili to revive the Georgian ballet. This is how the former prima ballerina became the art director of the Georgian National Ballet Company. "When we returned to Tbilisi, the country's economy was still in dire straits. At the opera theater, there weren't even proper toilets or changing rooms. ▸▸

Nino Ananiashvili

George Balanchine

Vakhtang Chabukiani

All artists there at that time where working out of pure enthusiasm," Nino says. Last year, after six years of profound renovation, the Georgian National Opera and Ballet Theater reopened.

In her first six years as an art director, despite all the hardships, Nino staged 27 ballets. "We knew that our Theater for Opera and Ballet would soon be closed for renovation, so we had to work hard." During the renovation the artists performed on other stages, such as the Russian Griboedov Theater and sometimes the Rustaveli Theater, but mostly without the orchestra.

In the thirteen years of her career as an art director, Nino has raised a splendid generation of young "baby-ballerinas": Nutsa Chekurashvili, Nino Samadashvili, and Katerina Surmava. When Nino Ananiashvili talks about "her girls," she says proudly, "They can easily perform both the modern and the classical dance, and they can switch between them smoothly." Several foreign dancers have joined the Georgian Ballet Company. They come from Italy, England, Japan, Holland, Belgium, the United States, and even from Peru and Brazil in order to work with and learn from one of the great ballerinas of all times, Nino Ananiashvili.

Nino declares classical dance as the vocation of her life, and she would like to introduce to her students the tradition of the Georgian choreographer Vakhtang Chabukiani. He not only brought new challenges into men's dance, but also started to stage classical ballets with elements of Georgian dance.

Nino recently revived Chabukiani's version of "Gorda," a two-act ballet by the Georgian composer David Toradze, which first premiered in 1949 at the Georgian National Opera and Ballet Theater. And in 2018, she would like to stage the ballet "Laurencia" with Chabukiani's choreography. The Georgian dance company is also working on one of August Bournonville's rare ballets, "From Siberia to Moscow." Nino shares a secret: "In this ballet, I will stage one Georgian national dance, performed by our young dancers, which was not in the initial script. I am sure the audience will love it. You cannot cheat your genes."

Nino Ananiashvili feels close to the national Georgian dance tradition. For the anniversary of Vakhtang Chabukiani, she danced the Lezginka. Afterward, for the last anniversary of the Sukhishvili Dance Company, she performed the Georgian dance ilouri.

Toward the end of my long conversation with Nino, I ask her what dance means to her. She says, without any hesitation, "Classical dance is my life. But to live this life each day you have to start from zero, from the basics. First position, grand batman, demi-plié, battement tendu for your whole life. There is no other profession like this in the world."

She admits to being a happy woman too, as not only her job has become her vocation but also because her husband, Grigol Vashadze, who was Minister of Foreign Affairs in Saakashvili's government, has been her greatest fan and supporter for 29 years.

"He has seen my 'Swan Lake' 150 times. He has learned everything about ballet terminology, and he has almost not missed a single performance I was in. My teacher, Raisa Struchkova, was so right when she once told me, 'Remember, my girl, all your memorabilia means nothing unless you have found a soul mate who supports and understands you.'"

She has a fulfilling life, she loves traditions, but, nevertheless, she is not closed to innovation. With Nino Ananiashvili, the glorious Georgian ballet seems to have great future prospects.

From the Archives:
THE POWER OF MENTORS

ELEVEN YEARS AGO, A MENTORING PROGRAM, STREET LAW, AIMED TO TEACH HIGH SCHOOL STUDENTS ABOUT THEIR CIVIC RIGHTS. INVESTOR.GE COVERED THE PROGRAM IN A FEATURE ABOUT JUDICIAL REFORMS, USING IT AS AN EXAMPLE OF A NEW WAY TO TEACH PEOPLE THEIR RIGHTS. IN REALITY, HOWEVER, IT ACCOMPLISHED MUCH, MUCH MORE: THE PROGRAM INSPIRED A YOUNG MAN TO BECOME A LAWYER – AND A MENTOR. AND IT INSPIRED A YOUNG LAWYER TO TEACH.

In 2006, the American Bar Association started teaching high school students in Tbilisi about their civic rights. Among the trainers was a young lawyer, Ketevan Iremashvili, and among the high schoolers there was 15-year-old Aleksandre Papiashvili.

For Iremashvili, the program had been a chance to think about law "outside the box" and work on communication skills.

For Papiashvhili, it had been a chance to take a challenge and learn more about law, his older sister's profession -- (and spend time with a cute girl who had signed up).

In the end, though, the clinic gave them much, much more.

EYE-OPENING EXPERIENCE

Papiashvili credits the program with opening his eyes to a completely different type of learning.

"It was unforgettable hours and days of innovation, socializing, group work and fun – it was totally different from the lessons we had before – it was not a Soviet-style lesson with the Soviet-style teachers – it was something different, something new and we liked it – we did not have homework but we studied a lot; we did not have books but we were reading a lot, we had no scores but still we were extremely motivated," he told *Investor.ge*

"These classes became very important for me; it was not just a next challenge for me – now it was passion, interest and goal. Sometime I even forgot about my sweetheart."

INSPIRATION TO LISTEN, LEARN AND TEACH

Iremashvili, who went on to defend her PhD in Legal Teching Methodolgy, said the program taught her how to listen – and the value of different opinions.

"I learned that listening is a key to success both in the legal profession and in life. We as trainers tried to demonstrate the skill of listening while carefully listening to our peers and trainees. While listening to our trainees (ages between 13-16) we discovered lot of creative, logical and well-justified solutions and lots of valuable questions from them. So I learned I have to release myself from bias and assess any new opinion as an opportunity," she said.

She continued teaching Street Law at Tbilisi State Law Faculity, where she ran the Street Law Clinic. Evntually she taught Street Law to Master's Students. Eventually, she became a Master Trainer in Legal Teachings Methodology and went on to coach student teams at various national and international competitions.

"Street Law was an incredible project allowing law students to think and act outside the box, making new contacts and seeking professional values. Many if not most of my peer trainers and student trainers hold significant positions in various fields of work today. But the most exciting fact is that we find some of our high school trainees among successful lawyers too," she said.

"For better or worse, unlike my peer and student trainers, I followed the path of teaching. Thanks to the ABA I was able to meet Professor Richard L. Roe – the actual founder of the Street Law Clinic at Georgetown University Law Center. I became completely empowered by the idea of teaching and learning and this is why, after 10 years I am still passionate about teaching."

The program also inspired Papiashvili, who went on to become a lawyer, to become a mentor in a Street Law program.

"Two years ago, I had a chance to be a trainer under almost the same program organized by the Tbilisi State University – I could not refuse the chance and I joined the program. We were talking about everything in group – not only about law, we were trying to develop our skills of socializing, arguing, group work and mutual respect. I am proud that I have been on the both sides – as a trainee and as a trainer," he said.

"These types of programs are not about any specific subject or discipline; this is about experience sharing, socializing and certain skills. I would say that these types of programs are as important as other basic subjects that we have in schools, because it helps us to be more open and to develop better."

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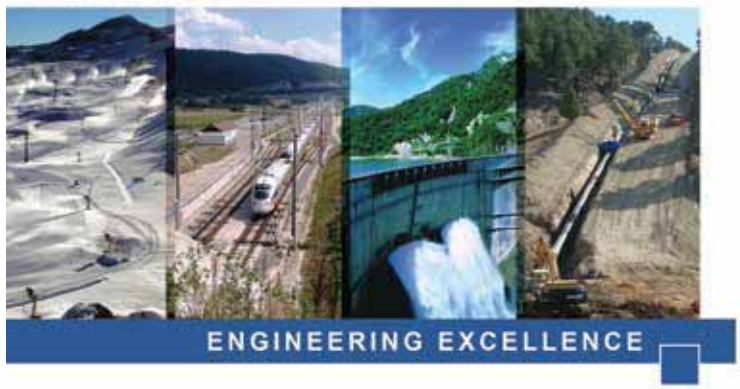

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AMCHAM

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AMCHAM HOSTS PARLIAMENT CHAIRMAN

AmCham hosted Irakli Kobakhidze, the Chairman of the Parliament of Georgia, at a monthly roundtable at at Courtyard Marriott Hotel on May 15. Kobakhidze discussed proposed constitutional amendments. His presentation was followed by dynamic Q&A between AmCham members and the Chairperson.

AMCHAM PRESIDENT PRESENTS AMCHAM'S OVERVIEW OF GEORGIA'S ECONOMIC ENVIRONMENT

AmCham President Michael Cowgill presented AmCham's overview of Georgia's economic environment at the San Diego Chamber of Commerce on April 28.

This presentation was part of a meeting between the San Diego Chamber of Commerce, Georgian government officials, and Georgian business leaders to discuss future partnership opportunities and the favorable investment climate in the country of Georgia.

The event was attended by the Mayor of Tbilisi, David Narmania; the Georgian Ambassador to the U.S., David Bakradze;, the Millennium Challenge Corporation Acting CEO, Jonathan Nash; as well as representatives of San Diego State University, Millennium Challenge Account – Georgia, AmCham, the San Diego regional Chamber of Commerce, the World Trade Center and the Georgian and American business communities.

SARAH WILLIAMSON SPEAKS AT THE AMBASSADORIAL FORUM HOSTED BY THE U.S. EMBASSY

AmCham Georgia Vice-President Sarah Williamson spoke at an Ambassadorial Forum hosted by the U.S. Embassy on April 29. The Forum aimed to celebrate the 25 years of diplomatic relations between the United States and Georgia. Keynote speakers included President Giorgi Margvelashvili and Prime Minister Giorgi Kvirikashvili. Williamson spoke at the first session, moderated by Ambassador Ian Kelly, entitled "Democratic Statecraft for Security and Prosperity, Point of Irreversibility." Foreign Minister Mikheil Janelidze and former U.S. Ambassador to Georgia Richard Miles were also on the panel. The second panel, entitled "Securing Democracy and Prosperity – Joint Fight for Freedom," was moderated by Ambassador Batu Kutelia, and included as panelists former U.S. Ambassador to Georgia William Courtney, former Ambassador to Georgia Kenneth Yalowitz, Ambassador Tedo Japaridze, and former Foreign Minister Irakli Menagharishvili.

AMCHAM HOSTS MAYOR DAVID NARMANIA

AmCham Georgia hosted a members-only luncheon with the Mayor of Tbilisi, David Narmania, on April 19 at the Tbilisi Marriott Hotel.

The Mayor gave a presentation about Tbilisi City Hall's accomplishments and initiatives for stimulating investment growth in the city.

Narmania highlighted major projects that City Hall plans to implement in the upcoming years. The presentation was followed by a lively Q&A session between members and the Mayor.

WORLD BANK, IFC AND EBRD HEADS MEET AMCHAM MEMBERS

AmCham hosted a monthly roundtable meeting at the Radisson Blu Iveria Hotel on April 11.

A panel of the heads of International Financial Institutions (IFIs) discussed their activities in Georgia.

Bruno Balvanera, Director for the Caucasus, Moldova and Belarus at the EBRD; Mercy Tembon, Regional Director for the South Caucasus: Armenia, Azerbaijan and Georgia, Europe and Central Asia at the World Bank; and Jan Van Bilsen, Regional Manager of the South Caucasus at IFC talked about the role of IFIs, which are major sources of finance, technical assistance and knowledge sharing in Georgia.
The presentation was followed by dynamic Q&A session between AmCham members and the panelists. New members were recognized: a Corporate A Member, Global Benefits Georgia, and a Non-Profit Member, the Georgian Red Cross Society.

SDSU GEORGIA:

Preparing Students for the Future Job Market

INVESTOR.GE SPOKE WITH KEN WALSH, THE DEAN OF SAN DIEGO STATE UNIVERSITY GEORGIA, ABOUT THE UNIVERSITY'S "GEORGIA DAYS" EVENT AT THE SAN DIEGO CAMPUS AND HOW THE UNIVERSITY IS HELPING ITS STUDENTS, AND GEORGIA'S HIGHER EDUCATION SYSTEM, PREPARE A NEW GENERATION OF SCIENTISTS.

Good relations and open communication between universities and the business community have helped San Diego State University prepare graduates who are ready for the job market, San Diego State University Georgia Dean Ken Walsh told Investor.ge.

"I think a hallmark of San Diego State University is our interconnectedness in the business and civic climate of San Diego," he said.

He said that San Diego State University Georgia decided to organize a three-day "Georgia Days" event in California where a delegation from Georgia could see the relationship in action.

"We thought it would be very valuable for the members of our advisory committee and others from the business and civic community in Georgia to just get a chance to see firsthand how that operated," he said.

CREATING SUPPLY

The three-day event was also a chance to show the Georgian delegation how San Diego State University was able to work with the business community to transform the local economy, he said.

"San Diego was not on the map as abiotech hub [in the 1990s]. Fast-forward to today and San Diego and Boston are always battling over which is the biggest bio tech hub in the United States," Walsh said.

"That grew out just from this type of collaboration. That is a reason why we focus on the biotech industry and it is also the reason why we know the SDSU Georgia project can work. People say, 'Well there is no employment today for these STEM fields in Georgia.' There was no employment for biotech in San Diego either but if you can generate the work force, if you know the industry, they will come. We wanted to give people the chance to see that."

GROWING STUDENT BODY

The Georgia Day event also provided a chance for the university to educate students at the California campus about the program in Tbilisi.

San Diego State University Georgia offers STEM students a rare chance to study abroad without falling behind because students can attend the same classes – sometimes even with the same professors – and benefit from newer facilities and smaller classes, he said.

"We had 12 spots for students to go back and forth last fall and, as it worked out, we had 10 students from the US come here and seven students from Georgia go there," he said, adding more are expected next year.

IMPACT ON GEORGIAN EDUCATION SYSTEM

STEM students, wherever they study, have to prepare to do jobs "that don't exist today and they need skills that we don't know the first thing about," Walsh said.

To prepare students for the future, universities have to teach them how to learn – and they have to listen to the professionals in the field about the skills new graduates need.

SDSU Georgia is working with its partner universities to create curricula that responds to that challenge, and meets US accreditation standards.

"The SDSU programs here are really a vehicle for the improvement of the curriculum and facilities at our partner universities.

About half of our total curriculum hours are actually taught by our Georgian faculty who have been to the United States for several weeks to work in our laboratories and train with our faculty and develop and understanding of our curriculum and faculties and then come back," he said.

"We are also working with them to develop new curricula and self-studies that they will be submitting for accreditation in the United States."

Accreditation is a key piece of the puzzle, and, based on the US method, that involves tapping into the wisdom of working professionals and professional associations as part of the accreditation process.

Walsh noted that many people do not realize the US government is not involved in accrediting universities.

"That is our model in the United States and that is what we are helping people to understand. Now Georgia has to find ways to do that that work in the Georgian reality and we are trying to be a part of that process," he said.

MEETING ROOM - A Cycle of Business Conferences by PASHA Bank

MEETING ROOM is a cycle of business conferences by PASHA Bank that aims to bring together participants from various industries, providing a platform for sharing ideas and best practices as it relates to raising the capital for various projects in respective industries.

The first business conference of MEETING ROOM took place in Radisson Blu Iveria Hotel on May 25th, 2016, with the topic being "Hotel Development in Georgia – The Best Practices".

The conference was supported by Georgian National Tourism Administration and Colliers International. It covered the following topics: Overview of the Hospitality Field, Trends and Expectations by Georgian National Tourism Administration, International Operator Identification and Contracting for Hotel Management, The Requirements for Financing Hotel Projects and the Available Tools.

The presentations were delivered by following speakers:

- George Chogovadze, Head of Georgian National Tourism Administration
- Mark Finney, Head of Hotels & Resorts Consulting at Colliers International | UK Office
- Goga Japaridze, CCO, Member of the Board of Directors at PASHA Bank
- Goga Kapanadze, CEO at Axis
- Konstantin Megrelishvili, Business Development Director at Alliance Group

The meeting was moderated by George Sharashidze, Publisher & General Manager at newspaper Georgia Today.

"I'm happy to introduce our new project - MEETING ROOM. In the scope of this project, PASHA Bank will be organizing and hosting a cycle of conferences focused on various industries. Since 2013 we have been serving a wide range of business sectors in Georgia and hospitality is one of them. PASHA Bank intends to contribute to the development of this business, as we clearly see its advantages to the economy of Georgia. Our vision is to actively participate in the growth and development of the Georgian and regional economy through the funding of value-accretive projects," said Shahin Mammadov, CEO and Chairman of the Board of Directors at PASHA Bank Georgia.

"It is of major importance to get the private sector involved in the development of hospitality business in our country, as each month the number of visitors to Georgia grows intensely and lots of new hotels appear. The mutually beneficial cooperation with the business sector is the main reason why National Tourism Administration supports MEETING ROOM. It should be noted that within January-April about 1,596,916 tourists visited Georgia and the growth compared to the same period of last year is more than 15.4%. By the end of 2017 more than 80 hotels are planned to be built in Georgia," said Mr. George Chogovadze, Head of Georgian National Tourism Administration.

On December 6th, 2016 in Radisson Blu Iveria Hotel PASHA Bank hosted its second business conference under the auspices of MEETING ROOM with the topic being "Sustainable Energy Development in Georgia - Case for Hydro Power Plants."

The conference was supported by the Ministry of Energy of Georgia, Electricity System Commercial Operator and Georgian National Energy and Water Regulatory Commission.

The MEETING ROOM brought together a diverse group of players from public and private sectors to discuss major issues concerning sustainable energy development in a country where a majority of the electricity consumed is generated by Hydro Power Plants. The MEETING ROOM covered, among others, the following topics: energy policy, tariff setting, power purchase agreements, various country-specific challenges for greenfield hydro project development, available financing schemes and key requirements for financing HPPs.

The presentations were delivered by the following speakers:

- Mariam Valishvili - Deputy Minister, Ministry of Energy of Georgia
- Keti Sandroshvili - Head of International Relations & Investments Department at Electricity System Commercial Operator (ESCO)
- Giorgi Pangani - Commissioner, Georgian National Energy and Water Regulatory Commission
- Goga Japaridze - CCO, Member of the Board of Directors at PASHA Bank
- Radoslav Dudolenski - Chief Executive, Hydrolea
- Giorgi Abramishvili - Managing Partner, Energy Solutions
- Ronny Solberg - CEO, Adjaristsqali Georgia LLC

In 2017 PASHA Bank plans to hold two more business conferences under the auspices of MEETING ROOM, with the first one to be held in June, covering the healthcare industry.

NEW MEMBERS

Conformity Assessment International (CAI) LLC
Corp A

CA International is a third party conformity assessment and inspection body accredited by the LEPL Georgian Accreditation Center (GAC), the official accreditation body of Georgia.

Since receiving accreditation in October, 2016 CAI has become a leader in inspection activity in Georgia and scope of services covers oil repositories, oil pipelines, natural gas pipelines, natural gas compressor stations, fueling stations using liquid carbohydrate gasses, liquid oxygen production facilities, commercial nitrogen refrigeration installations, cranes, escalators, amusement parks, pressure vessels, boilers, the Funicular, cable cars and elevators.

www.ca.international

Food TV Geo LLC
Corp A

Food TV Geo is a nationwide cable Television channel, which offers original entertainment and educational programming as it relates to and supports the food and beverage industry. Food TV Geo also provides training in the art of fine cooking.

www.foodtvgeo.com
www.facebook.com/FOODTVGEO/

Gazelle Finance Georgia LLC
Corp A

Gazelle Finance Georgia provides growth-oriented risk capital to fast growing SMEs (known as "gazelles" in Georgia). Gazelle Finance Georgia is part of a larger Gazelle Finance investment fund (launched in March 2017, currently capitalized at $28 million but expected to expand) that will invest in SMEs the Eurasia region. Gazelle Finance's high transaction volume, self-liquidating "mezzanine"-like financing product is tailored for fast growing SMEs. The fund makes investments to achieve commercial financial returns, but by focusing on promising SMEs with high growth potential operating in value-add sectors such as agribusiness, manufacturing, and services, the fund also expects to play a role in driving Georgia's economy forward through revenue generation, job creation, export expansion, import substitution, and other means. Gazelle Finance's investors include FMO (Dutch development bank), Dutch Good Growth Fund (DGGF), partnership Fund (Georgia's sovereign wealth fund), and the U.S. Overseas Private Investment Corporation (OPIC).

www.gazellefinance.com
gazelle

NEW MEMBERS

Office Technologies
Corp A

Office Technologies is the leading specialist in office design, project management and office furniture supply in Georgia. Using in-depth knowledge of work and work processes, team of Office Technologies makes a meaningful and measurable contribution to the success of its customers. Founded in 2005 it has continuously developed and diversified the range of services becoming a reliable partner of many international and local companies. The company is the authorized dealer of Steelcase in Georgia, American company and largest office furniture manufacturer in the world.

As a work effectiveness company, our mission is to help organizations work more effectively by improving the quality of their work environment. Turning ordinary office into effective office space, creating atmosphere of comfort and convenience, we take care that office becomes inspiring where people can do their work effectively and with pleasure.

www.officetechnologies.ge

Biltmore Hotel Tbilisi
Corp B

The Biltmore Hotel is ideally situated within the historic and cultural district of Tbilisi. Close to the east bank of Mtkvari River, this hotel is suitable for both business and leisure travellers. The grand lobby echoes the nostalgia of a bygone era, with an immaculately restored grand lobby that resonates the glamour and prestige of the social elite and transports guests into an envelope of luxury, unseen or experienced by others before. 214 luxury rooms and suites provide free high-speed wireless Internet, upscale bathroom amenities and beautiful views of the city. With distinct lifestyle and dining venues and a one-of-its-kind entertainment arena, this property is the only address for glamorous lifestyles. An urban retreat for the privileged few or the ideal partner for those conducting business in the city, The Biltmore Hotel Tbilisi is the ultimate address for discerning travellers.

www.millenniumhotels.com/en/tbilisi/the-biltmore-hotel-tbilisi/

Regus, Georgian Branch, Tbilisi Business Center
Corp B

Regus is the world's largest provider of flexible workspace solutions, with customers including some of the most successful entrepreneurs, individuals and multi-billion dollar corporations. Regus network includes almost 3000 business centers, spanning almost 900 cities across 120 countries. Through the range of office formats, as well as company's growing mobile, virtual office, and workspace recovery businesses, Regus Enables people and businesses to work where they want, when they want, how they want, and at a range of price points.

Regus 1st centre in Georgia is located in the very heart of the capital, the Freedom Square. Tabidze 1 Building, 2 Leonidze st. 4th floor.

regus.com

Mr. Tyler Green
Individual Member

International development professional working mainly in the area of agriculture and microfinance consulting. Currently works at Business and Finance Consulting.

AMCHAM COCKTAIL RECEPTION AT LOLITA BAR

ON APRIL 28, AMCHAM GEORGIA HOSTED A COCKTAIL RECEPTION AT LOLITA BAR. MEMBERS RECONNECTED WITH FRIENDS, COLLEAGUES AND FELLOW REPRESENTATIVES OF MEMBER COMPANIES.

AMCHAM COCKTAIL RECEPTION AT BETSY'S HOTEL

AMCHAM GEORGIA HOSTED A PRESENTATION BY USAID MISSION DIRECTOR DOUGLAS BALL, FOLLOWED BY A COCKTAIL RECEPTION WITH THE GEORGIAN CSR CLUB AT BETSY'S HOTEL ON MAY 25. BALL GAVE A PRESENTATION ABOUT USAID'S INITIATIVES IN GEORGIA AND THE OPPORTUNITIES FOR THE BUSINESS ENGAGEMENT AND CSR IN THEIR WORK MOVING FORWARD.

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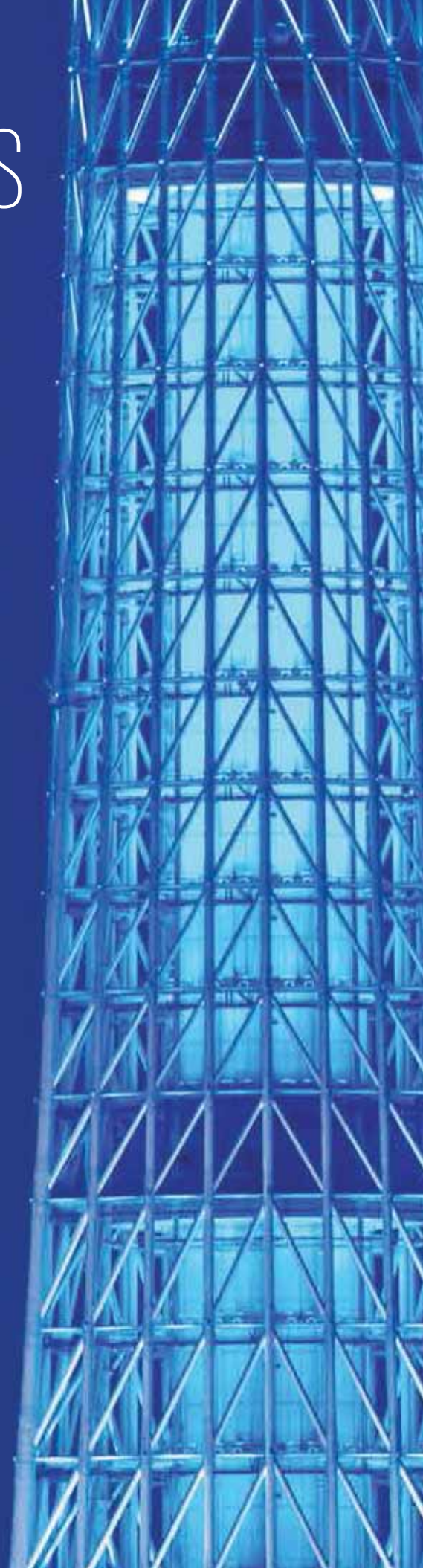

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