

# Investor.ge



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# Слава Україні!

# FOR SALE: 200 HA (500 Acre) Wine Estate in the Naperuli Appellation of Kakheti, Georgia



Saniore Winery is located in the Naperuli Appellation (Telavi Municipality) of Kakheti, Georgia, famous for producing some of the best Saperavi and Rkatsiteli grapes and wine vintages dating back to the late 19th century.

This family-owned Winery, and its near 200 hectares of contiguous vineyards and land, has been successfully run by a winemaking family since 2000s and now the owners wish to move on. The grapes are currently produced and sold under the Sanavaro Estate brand, which means "The Stables". This reference provides historical context and meaning to the wine estate's terroir, which was once owned by the famous Georgian poet and leader Chavchavadze, who was an equine enthusiast.

Located within 2 hours drive east of Tbilisi, this property is ideal for a buyer with interests in producing high quality Georgian wine at scale, with the French equivalent of a Appellation d'Origine Contrôlée certification, with the potential to develop an additional hospitality offering, such as a boutique wine hotel that opens up to panoramic views of the snowcapped Caucasus mountains. The vineyards are located on the fertile banks of Alazani, Lopota and Stori rivers, at 420 meters above sea level.

The total assets for sale amount to 199.5 hectares (194 hectares is agricultural land and 5.5 hectares is industrial land) out of which 6,813 square meters is occupied by the wine factory building and 52 hectares are actively cultivated vineyards, with Saperavi grapes. The wine collection, crushing and bottling facilities were modernized in 2020. The fermentation tank production capacity is more than 3 million liters of wine annually.

The current owners will stay on during the handover period and be available to support the new owners with both vineyard maintenance and wine production, and integration with the local community.

This is a rare opportunity to purchase such a large contiguous vineyard in the country of Georgia that boasts the longest history of wine production in the world dating back 8000 years and includes a turnkey wine production facility with an established brand with deep historical roots linked to the terroir.

If interested please contact Gazelle Finance at [admin@gazellefinance.com](mailto:admin@gazellefinance.com) or +995 593 441 636. All interested parties will be required to sign a confidentiality agreement.



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# Investment News

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

## GEORGIA'S GDP GROWTH RATE REACHES 10.4% IN 2021

The nominal GDP of Georgia amounted to 60.23 billion GEL (\$18.7 billion) in 2021, up by 22.3 percent year-on-year, while the real growth of GDP also increased by 10.4 percent, preliminary data from the National Statistics Office of Georgia (Geostat) shows.

The largest share of GDP growth was posted in the following sectors: wholesale and retail trade, repair of motor vehicles and motorcycles (16.6%); manufacturing (11.7%); real estate activities (10.2%); construction (8%); agriculture, forestry and fishing (7%); public administration and defense, compulsory social security (6.5%); transportation and storage (6.2%); financial and insurance activities (5.2%); and human health and social work activities (4.8%).

In January 2022, YoY real GDP growth increased 18%, with a reduction registered in construction and the information and communication sector, according to Geostat.

## GEORGIA SUBMITS APPLICATION FOR EU MEMBERSHIP

Prime Minister Irakli Garibashvili praised the "historic day" for Georgia when signing of the country's bid for European Union membership on March

3, saying the move "continues the efforts of our ancestors, which was aimed at unification in a common European family."

The government head told the nation that applying for EU membership marked the next important stage of Georgia's European integration path. The move follows similar initiatives by Ukraine and Moldova, who also submitted applications for membership in the wake of Russia's invasion of Ukraine in late February.

## GEOSTAT: FOREIGN DIRECT INVESTMENTS DOUBLED IN GEORGIA IN 2021

Foreign direct investments (FDI) in Georgia totaled \$1.152 billion in 2021, twice as high as the adjusted data of 2020, the National Statistics Office of Georgia (Geostat) reported in its latest data.

Geostat said an increase in equity, reinvestment of earnings and debt instruments were the main reasons for the growth in FDI, with the share of reinvestment in 2021 amounting to 66 percent of total FDI.

## WORLD BANK ALLOCATES \$400 MILLION FOR HUMAN CAPITAL PROGRAM IN GEORGIA

The World Bank will allocate \$400 million for the Human Capital Program for Georgia, calling it "the largest cross-sectorial investment" for the country over 30 years of partnership.

The World Bank Board of Executive Directors approved the program in late March and announced that it will be financed through the bank's Program for Results (PforR) in Georgia, which is aimed at improving education, health, and social protection outcomes.

Sebastian Molineus, the World Bank Regional Director for the South Caucasus, called the Human Capital Program



for Georgia an “unprecedented” project for both Georgia and the World Bank, saying “only by unlocking the full potential of its human capital, by ensuring access to high-quality education for the next generation, and by delivering equal healthcare and social protection services for all citizens, can Georgia build a solid foundation for inclusive and sustained growth.”

Georgian Finance Minister Lasha Khutsishvili said human capital development was one of the “highest priorities” for the Georgian government, emphasizing the importance of protecting human capital outcomes, closing equity gaps, and alleviating negative effects of the pandemic in a more consistent manner.

#### **Q4 2021: UNEMPLOYMENT DOWN 1.4% IN GEORGIA**

The unemployment rate in Georgia decreased by 1.4% in the fourth quarter of 2021 compared to the same period of the year prior, and amounted to 19 percent, Geostat reports.

In urban areas, the unemployment rate was reduced by 2.1% while in rural areas it decreased by 0.2%. The economic activity rate, or the percentage of the country’s population that is able and willing to work regardless of labor status, increased by 1.2% compared to the same period of the previous year, totaling 51.2% of the working-age population (aged 15 and older).

#### **INDUSTRIAL PRODUCTION OF WIND POWER PLANTS TO BEGIN IN GEORGIA FOLLOWING SIGNING OF MEMORANDUM**

Additional production of wind power plants in Georgia is set to begin following the signing of a memorandum between the Ministry of Economy, the State Military Scientific Centre Delta, and the Georgian Wind Energy Association.



The state body, Delta, and the Association will make efforts to find potential investors interested in financing and developing production of components of wind power plants on the territory of Georgia, with the manufacturing of wind generators and their components set to be located on an industrial area owned by Delta.

Negotiations with the leading companies producing wind power generation equipment, as well as with parties interested in purchasing such equipment and its components, is also included in the memorandum.

In November 2021, a declaration was signed between the Georgian Economy Ministry and the German Development Bank (KfW) on the development of clean and renewable energy in Georgia. The deal intended to assess the potential and benefits of green hydrogen, solar energy, water and wind in the country. It also involved undertaking a pilot project pro-

viding benefits to the country’s economy and assisting the development of clean and renewable energy.

A 50-megawatt wind power plant near the village of Nigoza in eastern Georgia is planned to begin operations in 2022, the Ministry of Economy announced in May 2021.

#### **DEPUTY ECONOMY MINISTER: NUMBER OF COMPANIES EXPORTING TO EU UP 70% SINCE ASSOCIATION AGREEMENT**

The number of Georgian companies exporting to the European Union in 2021 increased more than 70% compared to the figure before the 2014 signing of the Association Agreement (AA), Deputy Economy Minister Genadi Arveladze said on March 23.

During an address to the country legislative body, Arveladze said the increase had meant 962 companies were involved



- in exporting to the EU, adding the Deep and Comprehensive Free Trade Area (DCFTA) agreement - signed in 2014 as a part of the AA between Georgia and the EU - had made a “significant contribution” to the growth of foreign trade and exports in Georgia.

He further noted that exports of agricultural products to the EU had increased by 14 percent in 2021, including nuts and hazelnuts (+12%), mineral water (+20%), wine (+20%), sugar-containing carbonated waters (+97%), fruit juices (+6%), and canned fruits and vegetables (+11%).

Arveladze said the EU market has already been opened for Georgian fish and fish products, processed leather, wool and honey. He also highlighted the EU Commission Regulation of December 2021, based on which Georgia was added to the list of countries from which snails are allowed to be exported to the EU market.

In January-February 2022, Georgia exported locally produced goods worth \$760.4 million, a 54.5% increase YoY, while in the whole of 2021 the figure totaled \$4.2 billion, an increase of 26.9% compared to the previous year.

## FORMER CONCERT HALL SPACE IN DOWNTOWN TBILISI SOLD IN SEVENTH AUCTION ATTEMPT

A former concert hall located in the riverside Rike Park in Georgia’s capital Tbilisi has been sold via an online auction for 10 million and 2 thousand GEL (about \$3,094,025), the National Agency of State Property announced.

The agency said the buildings - dubbed “Rike Jugs” due to their shape - had been purchased by the foreign company Global Victory Trust, adding that the new owner would be expected to use the space to arrange a museum of wine, digital art and technology, as well as exhibition and conference spaces in the area, within 36 months.

This was the seventh auction announced to sell the Rike Jugs since the twin buildings’ inclusion in the list of to-be-privatized facilities, as part of the 100 Investment Offers to Business state program.

Built in 2012 over the space of 15,000 square meters, the buildings were designed to host music performances but were never completed. The construction of the two spaces cost GEL 75 million (\$23,255,497).

## 1.2 MILLION GEORGIAN CITIZENS SPENT 226 MILLION GEL ON DOMESTIC TOURISM IN 2021

About 1.2 million Georgian citizens aged 15 and above made 1.4 million monthly visits within the country in 2021, with total expenditures amounting to 226 million GEL (\$70 million), the latest data published by Geostat shows.

In 2021, the monthly average number of domestic tourist visits by Georgian residents amounted to 662.6, which is an increase of 37.9% compared to the previous year. The majority of the visits were to Tbilisi (average 300,1 visits per month) and the western Imereti region (241,9 visits per month).

## FEBRUARY 2022: MONEY TRANSFERS TO GEORGIA UP 13.7%

Remittances to Georgia from abroad reached \$183.4 million in February 2022, marking a 13.7% increase compared to the same month of last year, according to the National Bank of Georgia (NBG).

The largest remittance senders were in Italy (\$32.96 million), Russia (\$21.94 million) and the United States (\$21.10 million). Analysts at Galt and Taggart have noted that they expect remittances from Russia to decrease significantly in the coming months following the outbreak of war and the wide scale of sanctions currently in place against the country.

## GAMBLING ADS BANNED FROM MARCH 1

All gambling ads have been banned in Georgia since March 1, and citizens under the age of 25 will no longer be able to use gambling websites, Prime Minister Irakli Garibashvili has announced.

The head of the government called the issue one of the biggest problems for the Georgian society over the years,



adding 1.5 billion GEL (\$476 million) was spent in online casinos every year, mostly involving youth and minors. Speaking about the new restrictions, the PM said, “many people were involved in these vicious games”, adding even a reduction of the figure by a billion would “already be a great relief”.

### **AVERAGE SALARIES IN GEORGIA UP 11.3% IN Q4 2021**

Average monthly earnings in Georgia increased by 149.1 GEL (\$46.5) in the fourth quarter of 2021, an 11.3% increase compared to the same period of the previous year, and amounted to 1,463.8 GEL (\$456.5), data Geostat shows.

The highest monthly earnings were observed in the following fields: financial and insurance activities - 2,431.6 GEL (+20.5%); information and communication - 2,270.2 GEL (+3.2%); construction - 2,209.5 GEL (+7.2%); professional, scientific, and technical activities - 2,133.0 GEL (+5.5%).

### **AGRICULTURE MINISTRY, UNFAO SIGN DEAL TO IMPROVE PRODUCTIVITY, COMPETITIVENESS OF GEORGIAN FARMS**

Improving productivity and competitiveness of agricultural farms in Georgia, and aiding micro, small, and medium-sized agriculture and food production enterprises is the subject of an agreement signed between Otar Shamugia, the Georgian Agriculture Minister, and Raimund Jehle, the Representative of the UNFAO.

Strengthening the country's export opportunities and facilitating the implementation of information and consultation service strategy for farmers, is also part of the FAO Country Programming Framework, signed by the parties.

The Georgian Minister said the FAO would implement a \$10 million “large-



scale project” funded by the European Union under its European Neighborhood Program for Agriculture and Rural Development, adding the project would provide “additional assistance” to the country in food safety and introduction of standards to “increase the potential for Georgian products to be exported to EU member states.”

### **EU-GEORGIA ASSOCIATION AGREEMENT CONSUMER PROTECTION BILL PASSES FIRST PARLIAMENT HEARING**

A consumer protection bill stipulated by the Association Agreement signed between the European Union and Georgia passed its first hearing in the Parliament of Georgia on March 1.

Warranties of consumer contracts, liability, warranty terms, repercussions of breaching service responsibilities and more are included in the bill, which additionally “establishes rules for prohibiting unfair commercial practices that violate the values of trust and good faith,” the country's legislative body announced.

Maka Bochorishvili, the Chairwoman of the Georgian Parliament's EU Integration Committee, noted the law would establish major principles of

consumer protection. “The Association Agreement between Georgia and the European Union stipulates commitments, which include the regulation of consumer policy at the legislative level. The introduction of European standards for consumer protection is important for the country's EU integration process,” Bochorishvili said.

### **COST OF CONSTRUCTION UP BY 13.6% IN Q4 2021**

The Construction Cost Index in Georgia increased by 13.6% in the Q4 of 2021 compared to the same period of the previous year, according to Geostat.

The increase in construction cost was mainly influenced by price changes for the following groups: construction materials (+9.64%); wages (+2.01%); machinery (+0.67%); and transportation, fuel, and electricity (+0.26%).

A working group will be set up under the Economy Ministry to prepare recommendations and proposals for resolving the challenges in the construction sector, with the decision made earlier this week during the Georgian Economy Minister Levan Davitashvili's meeting with the representatives of local construction companies.



Georgia's national rugby team wins Rugby Europe championship on March 20

# Georgia Abroad: a highlight of Georgia's success stories this season

FROM TOP LITERATURE AWARDS TO BIG RUGBY WINS, HERE'S EVERYTHING YOU NEED TO KNOW ABOUT GEORGIA'S BREAKTHROUGH SUCCESS STORIES THIS SEASON.

## SPORTS

Georgia's national rugby team clinched the Rugby Europe championship after defeating their Spanish counterparts 49 to 15 at Dinamo Arena in Tbilisi on March 20. Akaki Tabutsadze, Otar Giorgadze and Giorgi Ckoidze scored five tries in the match, while Vasil Lobzhanidze was named MVP of the game.

The win came after the Georgian squad did not play its scheduled game

against Russia due to sanctions and the full suspension of the Russian team by the world governing body, with the Georgian team instead being awarded four points.

And the rugby team's championship win wasn't the only major sporting event to happen in Georgia this season. In addition to Bakuriani's hosting of several stages of the European Cup in February for giant slalom and parallel slalom in snowboarding, the slopes in Svaneti also received international attention. Between



Georgia hosts Freeride World Qualifier at Tetnuldi

February 8 and 12, more than 120 athletes from 20 countries took part in the Freeride World Qualifier at Tetnuldi peak. Mountain Resorts of Georgia, the national body overseeing winter resorts, called the tournament a "unique opportunity", adding that a successful hosting of the event would enable the country to hold the Freeride World Tour, a higher-level contest, in the future.

This growing interest in Georgia as a destination for high level winter sports competitions follows the announcement that Georgia will host the World Ski Championship next March in Bakuriani.

## CULTURE & ART

The Lithuanian Mint announced in February that it would be releasing a brand-new coin designed by Georgian creatives Iva Janezashvili and Mamuka Mikeladze.

The design, which depicts an episode of a glorious struggle involving a heroic

protagonist from Georgia's iconic medieval poem *The Knight in the Panther's Skin*, is the latest design in a series of coins minted with Georgian historical themes.

The face of the coin illustrates the scene with the addition of symbolic details, like the natural rock formation in the background that represents Georgia. The reverse side shows a portrait of Queen Elizabeth II, a characteristic of coins minted by Lithuanian Mint due to their cooperation with the central bank of Niue Island, a subordinate of New Zealand. And those interested in adding this



Lithuanian Mint releases coin depicting scene from *The Knight in the Panther's Skin*

unique depiction of Georgian literature to their own collection better act fast; while the coin is available for purchase online, only 1000 have been minted.

Another exciting moment for Georgian art? The announcement by Paris-based Galerie Frank Elbaz that it is now hosting an exhibit that features three Georgian artists. The work of the women - Ketuta Alexi-Meskhishvili, Nata Janberidze and Ketil Toloraia - will be featured in a display described as "meditative" and entitled *The Wet Material*.

In Berlin, works by young queer artists from South Caucasus are being displayed at The Institute for Endotic Research to explore experiences of the community throughout the tumultuous three decades since the dissolution of the Soviet Union. The exhibition, entitled *Post-Post: Queer Caucasus*, was curated

by Giorgi Rodionov (a Tbilisi-based artist and Untitled Gallery Tbilisi founder) and offers a look on both the challenges and artistic opportunities brought to the societies in question by the historical era.

Elsewhere in Europe, Georgian opera singer Anita Rachvelishvili is preparing to take the stage at Milan's famed Teatro Alla Scala as Princess de Bouillon in the opera classic *Adriana Lecouvreur*.

Selected for David McVicar's staging of the four-act co-production between five major opera houses (the Royal Opera House, Gran Teatre del Liceu, Wiener Staatsoper, Opera National de Paris and San Francisco Opera), Rachvelishvili will be in the roster of performers featuring other big names including Anna Netrebko, Freddie De Tommaso, and Alessandro Corbelli.

## LITERATURE

Georgian illustrators and children's writers, along with a stand organized by the UNESCO program Tbilisi - World Book Capital, was hosted at the Bologna Children's Book Fair from March 21-24 in Italy.

The Georgian program at the event included two Georgian children's writers Mariam Tsiklauri and Vasil Guleuri from the Tbilisi-based Writers' House of



Iva Pezuashvili's novel *A Garbage Chute* has been included in the nominees for the 2022 European Union Prize for Literature

Georgia, who discussed their works and the importance of children's literature along with a presentation of the Italian translation of Mariam Tsiklauri's *Unusual Sunday*. Also featured at the fair was an exhibition of the Tbilisi Illustration Festival, where prints of around 40 works by 10 illustrators working in Georgia were exhibited.

In late February, it was announced that Georgian author Iva Pezuashvili's novel *A Garbage Chute* had been included in the nominees of this year's European Union Prize for Literature. The novel, which also won the 2020 Tsinandali Award for Fiction Literature, follows a family that has fled armed conflict in the South Caucasus' Karabakh region.

## WINE

On March 9 and 10, the Vinexpo America International Wine and Spirits Exhibition was held in New York. As the largest international presentation of Georgian wine since the start of the COVID-19 pandemic, 23 Georgian wine and spirits companies participated in the exhibition with the support of the National Wine Agency.

At the event, American sommelier, Judy Gildin, noted that when Americans hear the 8000-year history of Georgian wine, they want to taste it. "Everyone is familiar with French, Italian and American wines. Customers want to taste something new and different, something like you have never tasted before, they are ready for something new. This is exactly what Georgian wine is like; I think more and more people will get familiar with it in the near future."

This positive reception comes on the back of increased efforts in recent years to target the United States as a new strategic market for Georgian wine and a record export number of more than 1 million bottles of Georgian wine in 2021.

# TBC Capital: Georgia's tourism sector faces uncertainty following outbreak of war in Ukraine

[www.tbccapital.ge](http://www.tbccapital.ge)

As the war in Ukraine enters its second month, its impact continues to reverberate throughout the region, causing political and economic uncertainty. TBC Capital's special report **Tourism: What is at Stake?** looks at the how the conflict may affect Georgia's tourism sector in 2022.

## THE "BUSINESS AS USUAL" EXPECTATION FOR 2022

Prior to the onset of war in Ukraine, TBC Capital's forecasts for Georgia's tourism sector predicted a strong recovery in 2022. In January, analysts estimated that visitor numbers would reach 62% of their 2019 level this year, with tourism revenue at 85% compared to three years prior. Hotel occupancy rates and the average daily rate (ADR) were expected to recover to 96% and 97%, respectively, of their 2019 levels.

TBC Capital's Head of Research Irina Kvakhadze says that these optimistic expectations were further reinforced by the diminishing effect of Covid-19. "The Omicron variant seems to be a much milder variant than Delta. As a result, many countries have continued to remove their travel restrictions, even though case numbers may still be high. We've also had two years to learn how to deal with the pandemic and develop the necessary safety protocols. For these reasons, Covid-19 has become a much smaller factor in our tourism projections."

## THE SIGNIFICANCE OF RUSSIA AND UKRAINE FOR GEORGIA'S TOURISM SECTOR

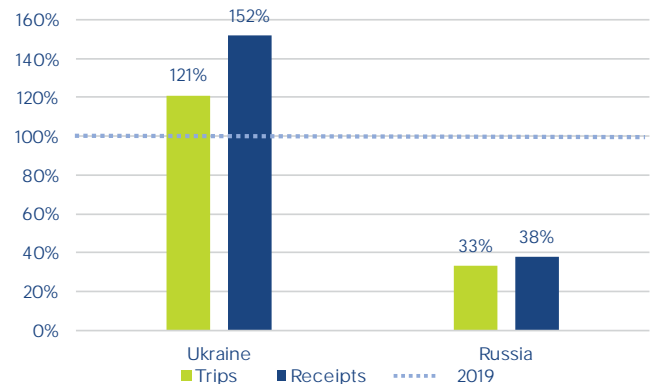
In 2019, before the pandemic shuttered Georgia's tourism sector, Russian visitors accounted for 19% of international visitor trips and 25% of tourism revenue, making it a significant source market. Ukraine, on the other hand, represented a much smaller part of the market pre-pandemic, accounting for only 3% of visitor trips and 6% of revenue.

However, the significance of these source markets has shifted greatly during the pandemic. Ukraine's recovery saw a robust rebound in 2021, with visitor trips and revenue recovering to 70% and 88%, respectively, compared to their 2019 levels. In January 2022, Ukrainian visitor trips and revenues surpassed their January 2019 performance, registering 21% and 52% growth, respectively. These numbers indicated that Ukraine was

becoming a promising market for Georgian tourism.

Conversely, the Russian source market for tourism saw a much slower recovery in 2021; visitor trips registered at only 14% compared to 2019 and revenue reached only 20% of its pre-pandemic level.

## Recovery of Ukrainian and Russian Source Markets January 2022



Source: The Ministry of Internal Affairs of Georgia; NBG

## VULNERABLE SOURCE MARKETS

As TBC analysts have noted, the outbreak of war in Ukraine has pushed the world out of a "business as usual" operating mode, resulting in the need for adjusted projections. For the tourism sector, this means evaluating how the war may affect Georgia's source markets.

Beyond the more obvious repercussions for Ukraine and Russia, analysts see Belarus and Armenia as markets that may be significantly impacted given their close economic and political ties to Russia. However, while these two countries did make up a combined 13% of visitor trips to Georgia in 2021, they only account for 6.3% of revenue, making their financial impact less significant.

Safety concerns due to the war and a perception that Georgia is a moderately risky destination may limit visits from non-neighboring countries. This includes visitors from the EU, US, UK, and Middle East.

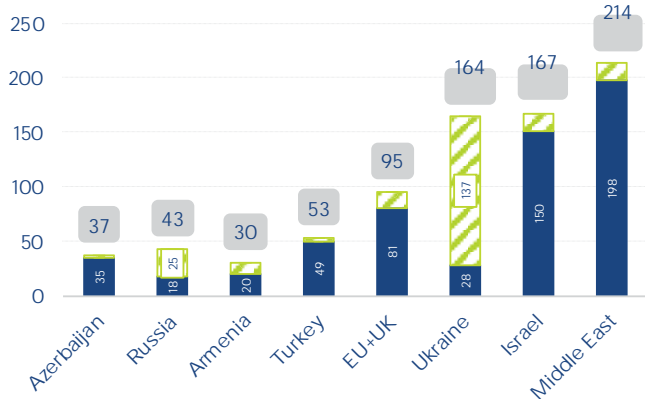
## TIMELY RESOLUTION SCENARIO

In its analysis of the war's impact on Georgia, TBC Capital has created forecasts based on two potential scenarios. The first scenario, deemed the "timely resolution scenario", operates under the assumptions that the war will be short-lived, Russia will continue to export energy to Europe, and there will be a gradual easing of the existing sanctions. It also assumes that oil and gas, as well as other commodities, will surge in price globally.

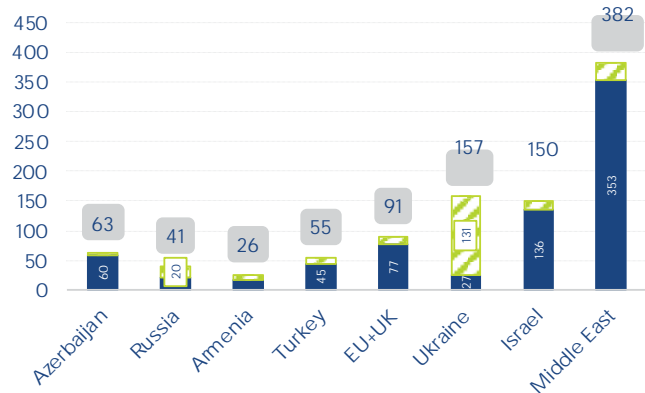
If these assumptions are correct, TBC Capital forecasts that visitor trips will only recover to 47% compared to 2019, translating to tourism revenue that reaches 68% of its level three years prior, with migration contributing by 1.5pp to this recovery. In this scenario, potential migration flows from countries like Ukraine, Belarus, and Russia contribute USD 60 million of this revenue.

If the conditions assumed by this scenario are met, the Russian tourism market's recovery is expected to continue lagging, while the Ukrainian tourism market is expected to dramatically decrease. Trips and revenue from the Middle East and Israel are still expected to grow by more than 30% compared to 2019.

**Change in Recovery Levels by Source Markets, Timely Scenario (%)**



Reduction of Baseline Recovery, Trips  
 Recovery, Scenario 1, Trips



Reduction of Baseline Recovery, Receipts  
 Recovery, Scenario 1, Receipts

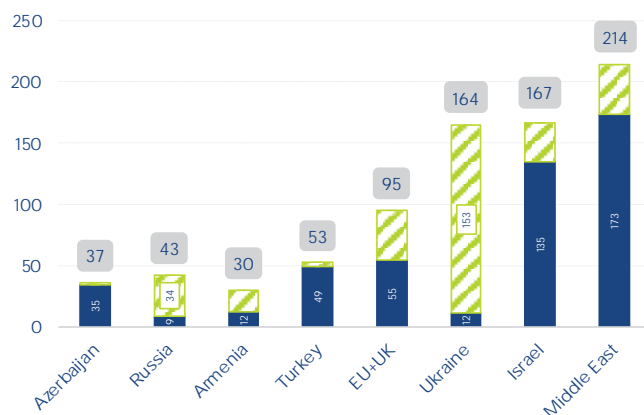
## DELAYED RESOLUTION SCENARIO

In its second scenario, deemed the "delayed resolution scenario", TBC Capital analysts operate under the assumption that the war will continue for more than a quarter and that oil and gas prices will surge before normalizing at the end of the year. They also assume that Western countries will impose full-scale sanctions,

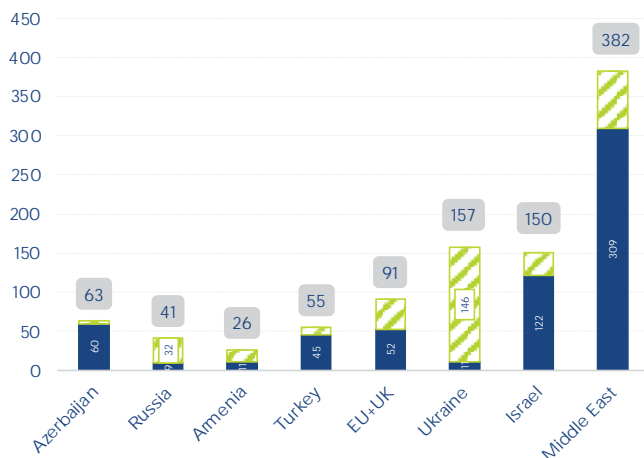
including a ban on Russian energy imports to Europe and a complete cut-off from the SWIFT system for Russian financial institutions.

If these conditions are met, visitor trips are only expected to reach 40% of their 2019 levels. Tourism revenue will amount to 55% of its pre-pandemic level (3.5pp recovery contributed by migration), with USD 100 million being accounted for from migration contributions. In this scenario, Russia and Ukraine barely contribute to Georgia's tourism revenue, while Israel and the Middle East still register growth, albeit smaller than in the first scenario.

**Change in Recovery Levels by Source Markets, Delayed Resolution Scenario (%)**



Reduction of Baseline Recovery, Trips  
 Recovery, Scenario 2, Trips



Reduction of Baseline Recovery, Receipts  
 Recovery, Scenario 1, Receipts

TBC Capital's Kvakhadze classifies the current situation as somewhere between these two scenarios. "If you look at the assumptions we've used to forecast the two scenarios, neither are fully met at this time. The EU has not banned Russian energy imports, and SWIFT is restricted for many Russian banks but not all of them. We also don't expect sanctions to be lifted anytime soon."

She stresses that the situation is dynamic and could change rapidly. "Depending on how long the war lasts and what the resolution is, we could see a big impact on perceptions of Georgia as a safe destination. However, we do not expect tourism to be hit as hard as it was in the beginning of the pandemic. We will see an impact on our source markets, but we do not expect an entire shut down of the industry." For now, she notes, TBC Capital will continue to monitor the situation and update its assessments accordingly.



# The changing landscape of Georgian agriculture

SALLY WHITE

**D**iversity is growing in Georgian agriculture. Not just the variety of crops, which now span from climate-hardy ancient grains to modern variants of indigenous fruits such as blueberries, olives and asparagus and new ones like avocados – but in technologies and scale. Though challenged by climate change, pest plagues, and the post-Soviet bequest that left the industry dominated by hundreds of thousands of tiny farms, Georgia is innovating.

Currently lacking the driver of foreign investment, Georgia is also exploring ways agriculture could be encouraged while complying with the land ownership restrictions. One ambitious example in the main greens-producing area of Imereti with the backing of the Ministry of Environmental Protection and Agriculture (MEPA), is the Imereti Agro Zone, with its project for the Imereti Greenhouse Cluster.

Run by a Georgian-Dutch consortium, the project includes a fully serviced complex (gas, water, electricity, drainage, permits to build, etc), extending over several hundred hectares: open to all, local and foreign, to set up their greenhouses on a turn-key basis.

The financial management and ownership of the assets by a special investment vehicle (SIV), and the physical structure of

the project – predominantly greenhouses – allows in foreign as well as domestic investors to lease or purchase plots of varying sizes and sophistication. The zone is also intended to provide a “single window” of government services, from customs to the food safety agency.

The government is in a hurry to boost production, especially now with Russia waging war against Ukraine. Having spent 2 billion GEL over the last eight years, said then-Minister Levan Davitashvili last July, around 7 billion GEL will be invested over the next nine years, much of it to promote greenhouse growth.

“As a result, about 500,000 hectares of land will be covered with annual and perennial crops,” the goal being to “replace \$300-400 million of imports and generate around \$2 billion of net exports”.

While the jury is out on which approach is best to invigorate Georgian agricultural production and revenues, all are agreed on one thing – the solution is success in the high margin end of the export market. But partnerships and clusters rather than “big agriculture” are being adopted as the way to go.

A rise in agro-exports from \$0.5 billion to \$1.1 billion over the last ten years shows that, albeit at a rather slow pace, some progress is being made. However, as Nino Zambakhidze, chairwoman of the Georgian Farmers Association and a

board member of hospitality group and new mega-farmer Adjara Group says, there are “many more challenges still in the industry”, pointing to Georgia’s 70% food import dependency.

Visible proof of progress, however, is the growing number of hectares of greens and berries under plastic greenhouse canopies – protection against the new global-warming climate extremes, with drip-feed nutrition and irrigation – the number of new almond orchards, repaired irrigation channels and new tractors. Less visible is the new testing to deliver rising quality standards, an exportable chilled supply chain, stations with EU-friendly packaging and increasing organic production and chemical-lite systems.

Mega scale farms of the sort advocated by USAID and others to materially increase output and cut production costs are still very few and far between outside of vineyards. Two rare examples are in Kakheti, where Aric Group has 2,600 hectares for pistachios and the Adjara Group Holdings LLC’s Udabno agriculture subsidiary has a farm of 12,000 hectares, with a large section for almonds. But one major foreign group, Italian confectioner Ferrero, has sold out of its hundreds of hectares of hazelnut orchards, it is said, for \$18 million. And Aric’s owner Afzal Ravari, after several very hard years, would only comment: “You can say I am surviving!”

While local farmers have been adding to their territory in response to international demand for their blueberries, nuts or wine, few beyond wine companies own hundreds of acres. More typical are operations that have been expanding their land as Herbia, which has 25 hectares of greenhouses for production of greens. In the booming blueberry market there is FCO (160 hectares), Blue Valley (20 hectares) and Agritouch (100 hectares). Walnut producers of size include Agro Line (200 hectares). But new well-funded owners have been companies moving into production from industry supply and food processing bases; growth in Georgian processed food production is winning financial support.

However, in Georgian agriculture, frustrated by the paucity of major investors, a block on foreign money and limited availability of fertile land and funding, development of scale is largely being achieved in other ways – through partnerships for quality control, packaging, distribution and export among the small and medium-sized farmers.

Driven by the IFIs, the EU and USAID programs and government spending, education and role models are being deployed to modernize farming methods and technology at small and medium-sized farms, raising productivity and quality standards, enabling farmers to reach new European and Middle Eastern markets. New networks for co-operation are being encouraged and supported. Grants, insurance and pressure to improve access to banking and other financing mediums are easing the way.

“There are increasing tendencies for large companies and/or corporations to become interested in agriculture, especially in view of the extensive support both from the government and donor agencies. These companies often have diversified activities parallel to farming, and they are also large input suppliers - supplying seeds, pesticides, machinery etc,” says Nino Zambakhidze.

From her vantage point as head of an organisation that represents 4,000-plus farmers of all sizes, she does not see “big” agriculture as the answer for Georgia – not now, at least. “However, whatever large portion of agriculture might be industrialized, in the near future I would not envisage primary production of agriculture exceeding 10% of the country’s GDP; the

food processing could be another 10%. In total, the agri-food industry could be up to 20% of the country’s GDP, no more. Therefore, I do not think switching to ‘big’ agriculture would help increase agriculture’s economic contribution.”

She added: “In addition, given the climate change concerns and the negative effect industrial agriculture could have on the environment, focusing on sustainable and organic practices with application of new technologies as opposed to intense agricultural operations seems a better solution for Georgia at this point”.

A farmer and businesswoman herself with English and French agriculture qualifications, she sees “high value” as the way Georgia needs to go: “Producing high quality products that are key to ensuring food security, especially in this turbulent world, increasing production of critical minimum wherever possible, as well as producing high-value products, including GI (products of specific geographic origin), organic, other high-value products to be marketed to EU and like high-end markets is the potential for Georgia.”

“There is room for both extensive and intensive agriculture depending on the area and potential; location, terrain, etc. Service cooperatives could have a potential for development (cooperatives for input provision and output processing (value-added activities), storage and marketing.”

Key will be export success for the small farmers, in her view, and Georgia already has helpful trade agreements in place with the EU, China and on-going negotiations with the UAE. “However, there is a way to go for Georgian agricultural products to secure a place at the European markets and not only there. Increased productivity, product quality and the competitiveness of SMEs is the key to success - niche products such as snails, almonds, blueberries and organic products.” The GFA has been helping develop new apps to help farmers, such as Agronavi - an online platform to help with planning and management to maximize profits based on market trends – and a specialised web-booking portal for agritourism, Agrogate.

She lists what she sees as the most crucial obstacles for Georgia’s agriculture:

- Lack of quality knowledge and modern technology;
- Access to financial capital;
- Absence/scarcity of infrastructure;

irrigation and drainage systems, cold storages, mechanization.

Seemingly a model of what the right kind of “big agriculture” could bring to Georgia, Adjara Group’s Udabno, an organic mixed livestock and horticultural operation in which it has invested GEL 150 million so far. Originally planning to ensure supplies of sustainable local produce for its Rooms Hotels and its restaurants, the group has grown in ambition since it began farming six years ago.

As described by its director Goderdzi Metreveli “the main goal of the company is to develop agriculture and agritourism in Georgia, as well as to generally popularize the field of agriculture. Our company intends to produce natural and healthy Georgian products for both local and international markets. Udabno’s aim is also to develop almond growing and production in Georgia, to engage more young people in the industry and establish our name on the global market.” The operation aims to be self-sufficient and sustainable.

Training is taken very seriously, with the staff recruited locally being taken abroad to Europe, Turkey, America and elsewhere to exhibitions and to see farming operations. “In addition, the company has selected highly qualified specialists who periodically consult with employees in various fields. The consultation includes theoretical and practical training,” says Goderdzi Metreveli. The aim is to build knowledge and experience, which benefits Georgia as a whole as well as Udabno.

Udabno has developed in many directions, researching internationally in the US and Europe and emulating the latest eco technology. Foremost are its almonds - since 2017 Udabno has developed almond orchards on 2300 hectares of land, planting over 675 000 of trees of Spanish and Italian origin, and last year it achieved a crop of 800 tonnes of unshelled nuts. To prepare for new orchards and replace trees it has a nursery where approximately 150 000 rootstocks are planted, most of the plants already grafted. There is additionally extensive horticulture, with berries, vegetables and vines, and there is also livestock – 74 buffalo, 285 cows and 1500 sheep.

This huge operation has been supported by IFIs, development grants and the Georgian government, and the benefits brought by Udabno to the local

► region have been considerable. “Before Udabno started business in Kakheti there was no internet and television in the local village,” says Goderdzi Metreveli. “We built high voltage electrical lines. We also help schools and kindergartens with equipment and material and training for their future. In every season the company employs over 300 people who live in the region of Sagarejo.”

This approach has attracted USAID to join with the Adjara Group in a new venture in Abastumani and the wider Samtskhe-Javakheti region. Announcing a joint plan to focus on such key areas as “hospitality, creative industries and agriculture” USAID/Georgia Mission Director, Peter Wiebler said aims included “developing skills, generating employment, sourcing local produce and co-investing in tourism.”

Similarly, the priority right now for the team running the Imereti Agro Zone is to bring new skills and techniques to the thousands of local low-tech farmers in the region of Imereti, raising quality and productivity. But, commenting on the next stages in the IAZ’s ten-year plan and the Greenhouse Cluster concept, international agriculture news website HortiDaily said last September: “Right now it is still a vast area with only some greenhouses with a maximum size of about 1500 square meters positioned here and there. In a few years, it should change beyond recognition into a large horticultural hub.” The Agro zone

will also incorporate a dairy farm.

HortiDaily adds: “This new development of the hub started as a private initiative. To facilitate the region better, the government took over and is currently supplying budgets to let companies take care of gas, electricity, and infrastructure. The plots are to be sold or leased for a period of 49 years to private companies, without any government participation. Currently, over 20 companies have shown interest: big international investors, German growing companies, and Russian retailers, as well as local parties.” Since then, even more interest has been shown.

The long-term vision of the greenhouse cluster is to become a recognised supplier brand of premium quality produce (mainly herbs and greens) to high value markets such as the EU, says Giorgi Dadiani, executive director of the JV GeoHolding & K. Spiertz Holding Consortium, who are the consultants to the Imereti Agro Zone, and LLC IAZ who are managers of the cluster development.

Quoting IAZ development director Archil Bukia, HortiDaily adds: “There’s room for a variety of growers: smaller and bigger, low- mid and high-tech, as the hub also is divided into areas to suit these types of companies. As bigger companies will want to install lighting, we’ll ensure the electric grid is ready for this, whereas smaller companies might opt for tunnel greenhouses. There’s room for a variety of companies.” The developers are working

with all the IFIs and international agencies in Georgia and are also reaching out to engage international expertise of all kinds.

The Zone is one of the largest (covering well over 200 hectares at its site), and most far reaching of Georgia’s agriculture projects – as Giorgi Dadiani explains “...it is complex and its activities are related to the fulfilment of MEPA agricultural policy objectives.” From this month (April) it will begin to raise its international profile to pull in expertise needed to fulfil its and MEPAs ambitions and to promote the opportunities on the sites. Information can be obtained from him via [goga.dadiani@llcgeoholding.org](mailto:goga.dadiani@llcgeoholding.org) and Archil Bukia at [Archil.Bukia@iaz.ge](mailto:Archil.Bukia@iaz.ge).

Foreign investors could still play a significant role, not just in this Zone, but in the country as a whole, say sector insiders. According to Hans Gutbrod, head of the Agribusiness Committee of AmCham, this is one reason why progress with the process of granting foreign investors an exception to own agricultural land is so important. He said: “With more foreign investments, we would see more productivity, new techniques, and more exports - in this regard, the handbrake should really come off, after it has been pulled tight for several years.”

*This article was prepared with the support of the USAID Economic Security Program.*



Photo courtesy of Udabno



Creating sound effects at POSTRED's studio in Tbilisi

# Emerging Film Industry Puts Georgia on the Map, Creating Jobs and Inclusive Growth

A RECENT STRING OF SUCCESSES SHOW THAT GEORGIAN FILM IS BACK AND HERE TO STAY WITH EXPANDED CAPABILITIES. WITH USAID SUPPORT, GEORGIA'S FILM AND ANIMATION COMPANIES ARE BUILDING AN INTERNATIONAL BRAND AND CREATING JOB OPPORTUNITIES FOR THE COUNTRY'S CREATIVE PROFESSIONALS.

Georgia has traditionally punched above its weight in the film industry. Legendary filmmaker Federico Fellini once described Georgian film as "a completely unique phenomenon, vivid, philosophically inspiring." During the middle and latter half of the 20th century, the country produced comedies, musicals, and dramatic films that captivated audiences worldwide.

Recently, Georgian filmmakers have revived that legacy, producing and working on internationally acclaimed films and creating career opportunities for Georgians with creative talent. Recent films such as *Tangerines*, *My Happy Family*, and *Brighton 4th* have captured multiple award categories at major film festivals. The country's reputation as a production locale is growing, too. Tbilisi served as a filming location for the blockbuster film *Fast and Furious 9* (F9), giving Georgian filmmakers the opportunity to gain experience working on a big-budget Hollywood film.

USAID aims to fuel Georgia's film revival as part of the U.S. government's broader effort to spur economic growth and job

creation in Georgia's economy. In the past three years, USAID assistance has helped Georgian companies contribute to major Hollywood projects.

## USAID AND GOVERNMENT OF GEORGIA PARTNER TO CATALYZE GROWTH

In 2019, USAID partnered with Enterprise Georgia – the Ministry of Economy and Sustainable Development's entrepreneur and business support agency – to help young film professionals get on-the-job training and to help creative firms expand their operations and build connections with major studios in Hollywood.

With support from USAID and Enterprise Georgia, Universal Pictures worked with Tbilisi-based Enkeny films on *F9*, which was partially shot in Tbilisi in 2019. Universal paired Georgian talent with their own film crews, cost-sharing Georgian salaries and crediting their work on the film. This gave Georgian professionals the opportunity to gain experience working on a blockbuster film.

In the policy sphere, USAID worked with the Government of Georgia, including the Parliament, and the private sector to identify steps to boost the sector's competitiveness.

This resulted in Enterprise Georgia reintroducing a 20-25% cash rebate on qualified film expenses incurred in Georgia, including post-production. The rebate is designed to attract international film and television projects to the country, positioning Georgia as a key destination

for film production and creating jobs in the process.

## GEORGIA GOES TO HOLLYWOOD

USAID has also provided support to POSTRED, a Tbilisi-based company that provides post-production services to film studios. In 2020, USAID helped the company obtain the necessary certifications for membership in the Motion Picture Association of America's (MPAA) Trusted Partners' Network, a mark of quality in the film industry. Founder Beso Kacharava and Managing Partner Tina Babikashvili are the power couple behind POSTRED, which has recently provided post-production services for major Hollywood projects including "Scream 5" and season 2 of "Euphoria," a hit HBO Max series that averaged 5.6 million viewers during its first season. This has put the Georgian company on the map, allowing it to employ a 30-person team of experienced professionals and young people just breaking into the field.

There is room for even more growth. With an MPAA membership card in their pocket and a growing list of major projects on their resume, Beso and Tina are confident that the future has more in store, not only for POSTRED but for other Georgian companies looking to break into the field.

"As virtual borders are becoming non-existent, there is a huge demand for creative people worldwide," says Tina. "Georgia's creative industries, creative people, and the Georgian economy can really benefit from this situation."

Tina and Beso also view their business as having a social mission: to create opportunities for young people to learn the trade and contribute to the film sector in future. When asked what advice he would share with young film professionals, Beso centered on the importance of hard work: "Love what you do, and try to show the world what you do. Don't be the cheapest. Be the best."

## LOOKING AHEAD

This spring, USAID and Enterprise Georgia will continue to support the growth of Georgia's film industry by co-hosting an outreach event in Hollywood. In attendance will be senior executives from film studios and streaming services, as will independent filmmakers and producers with an interest in turning Georgia's talent into box office success. This is just one example of how USAID is empowering Georgia's creative firms to lead the development of a dynamic film industry, creating a more prosperous future for Georgia.



# G&T downgrades Georgia's 2022 economic forecast following outbreak of war

IN ITS DECEMBER 2021 ECONOMIC REPORT, GALT AND TAGGART PREDICTED THAT GEORGIA WOULD SEE GDP GROWTH OF 5% IN 2022, WITH THE LARI'S VALUE HOVERING AROUND 3.1 GEL/USD AND A CENTRAL BANK INTEREST RATE OF 9% IN THE SECOND HALF OF THE YEAR. HOWEVER, THE OUTBREAK OF WAR IN UKRAINE AND ITS ECONOMIC REPERCUSSIONS FOR BOTH GLOBAL MARKETS AND THE REGION HAVE FORCED ANALYSTS TO DOWNGRADE THEIR FORECASTS FOR THE YEAR.

## GROWTH SCENARIOS

Considering the ongoing war between Russia and Ukraine, G&T has downgraded its expectations for Georgia's economic performance in 2022, with a revised GDP growth forecast somewhere between 3% and -1% in a worst-case scenario.

Even though there will be an economic impact, analysts note that stable macroeconomic factors, a healthy banking sector, and prudent monetary and fiscal policies indicate that the country is in a good position to navigate economic shocks from the war.

Exports, remittances, and tourism are all projected to reduce compared to the initial forecast for 2022, but the war's impact is expected to be considerably smaller than the onset of the pandemic in 2020. Both of G&T's growth scenarios forecast a depreciation of the lari's value and a year-end central bank interest rate

between 10.5% and 11%, up from its pre-war prediction of 9%.

Analysts now predict that Georgia's war-related losses in the external sector this year will amount to USD 2 billion; however, G&T's Head of Research Eva Bochorishvili notes that Georgia's connection to other economies in the region may offset some of the negative consequences of the war.

"Georgia is very related to other regional economies. If oil prices increase, then Azerbaijan's economy will benefit, and that could translate to benefits for Georgia in the form of increased exports or higher tourism numbers. Also, many analysts are noting that a lot of Russian businesses and capital is flowing into Armenia right now. This could boost Armenia's economy, which is an upside for Georgia considering our trade and tourism ties with the country."

Bochorishvili says that G&T's tourism forecasts for this year are pessimistic but that a potential influx of Russians, Belarusians, and Ukrainians coming to Georgia could inject additional money into the economy and drive demand for real estate. "These developments", she notes, "may mitigate the negative effects of the war on Georgia's economy to some extent."

## SCENARIO 1

Galt & Taggart's "best-case scenario" operates on the assumption that the war between Russia and Ukraine will be resolved within one to two months. Accounting for the current level of EU and US sanctions on Russia throughout the end of this year, this scenario forecasts 3% GDP growth in 2022. It predicts the lari's value will average around 3.25 GEL/USD and that the central bank interest rate will hit 10.5% at year's end, with inflation at 7%. This scenario foresees tourism revenue at 75% of its 2019 level, down from the initial expectation of 85%.

## SCENARIO 2

In its "worst-case scenario", G&T predicts a protracted conflict in Ukraine that lasts through the end of 2022 and results in more severe sanctions levied against Russia, including a European import ban on Russian oil and gas. In this case, Georgia's economy is expected to contract by 1% with an annual inflation rate of 9%. This scenario foresees an average lari value of 3.4 GEL/USD and a year-end interest rate of 11%, with tourism revenue at only 60% of its 2019 level.

According to Bochorishvili, the cur-

## GROWTH SCENARIOS IN 2022

	2022 FORECAST		
	INITIAL	SCENARIO 1	SCENARIO 2
REAL GDP GROWTH, %	5.0%	3.0%	-1.0%
INFLATION, AVERAGE	4.9%	7.0%	9.0%
GEL/US\$, AVERAGE	3.1	3.25	3.4
MONETARY POLICY RATE, END OF PERIOD	9.0%	10.5%	11.0%
CURRENT ACCOUNT DEFICIT, % OF GDP	7.9%	9.5%	10.9%
FISCAL DEFICIT, % OF GDP	4.4%	5.0%	5.7%

rent situation seems to be most closely aligned with the first scenario: “Currently, we think the 3% growth scenario is more probable. However, it is difficult to predict the exact outcome because the situation is based on a number of factors that are rapidly changing.”

## GEORGIA'S EXPOSURE TO RUSSIA AND UKRAINE

Analysis of Georgia's exposure to Russia and Ukraine indicates that exports and tourism are expected to be the hardest hit by the war. Russia and Ukraine made up a combined 21.6% of all Georgian exports last year, and categories like wine and spirits as well as agricultural products are projected to suffer the most. In 2021, Ukraine and Russia made up a combined 25.4% of

total tourism revenue, which equates to 1.7% of Georgia's GDP.

Investments from Ukraine and Russia equate to less than 6% of Georgia's annual FDI. The country's financial linkages to Russia are limited to VTB Bank Georgia (which accounts for only 4.5% of the country's total banking assets), and the NBG announced in late February that these assets would be transferred to other Georgian banks in compliance with EU and US sanctions.

Another positive development that indicates Georgia should be able to weather the economic fallout from the war is its decreasing dependency on Russian remittances in recent years. While Georgia once (2010-2014) relied on Russia for more than 50% of annual remittances, that figure amounted to less

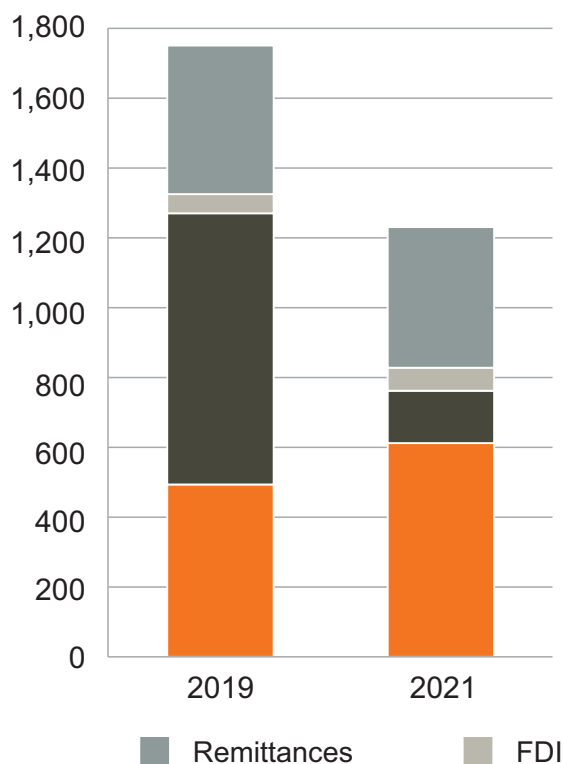
than 20% in 2021.

G&T's Bochorishvili says that this shift is due to two primary reasons. “One reason has to do with the Russian economy.

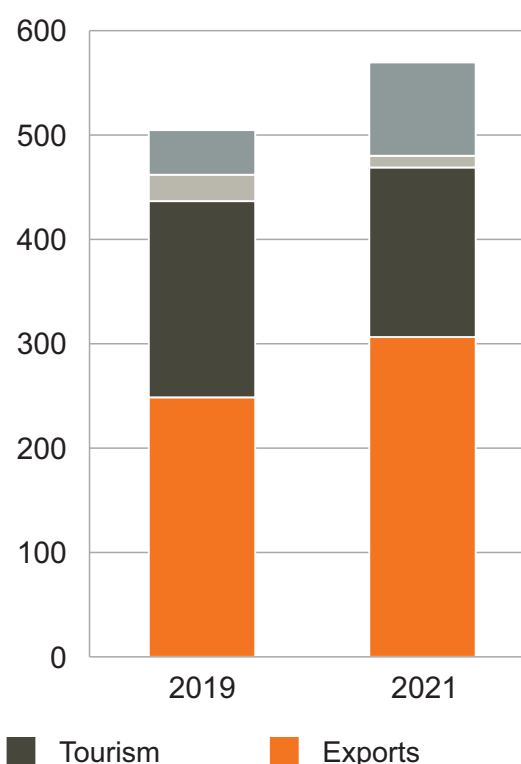
The pandemic hurt Russia's economy, and we also saw the ruble depreciate after 2014-2015 when the price of oil collapsed. The second reason is that we've seen a decrease in Georgians moving to Russia to work. Many have chosen different labor markets in recent years.”

She says that this shifting trend will help Georgia as the economic conditions in Russia continue to worsen and remittances diminish in the coming months, noting that “we expect that remittances coming from other countries like the US, EU, and Israel will compensate for these losses.”

GEORGIA'S EXPOSURE TO RUSSIA,  
US\$ MN, 2021 VS 2019 (PRE-COVID)



GEORGIA'S EXPOSURE TO UKRAINE,  
US\$ MN, 2021 VS 2019 (PRE-COVID)



Source: Geostat, NBG



# Georgia's banks seek out sustainable finance

GEOPOLITICAL TURMOIL AND ENVIRONMENTAL CRISES HAVE SENT GLOBAL MARKETS REELING IN RECENT YEARS, PUSHING CENTRAL BANKS AND FINANCIAL INSTITUTIONS TO SEARCH OUT RELIABLE, SUSTAINABLE INVESTMENTS. INVESTOR.GE TAKES A LOOK AT THE STATE OF SUSTAINABLE FINANCE IN GEORGIA AND HOW THE NBG IS TAKING STEPS TO SECURE THE COUNTRY'S FINANCIAL FUTURE.

MACKENZIE BALDINGER

**T**hose staying up to date on the developments of the Russian invasion of Ukraine have surely taken note of the mass exodus of Western companies and financial institutions in recent weeks that are ceasing operations or divesting from the Russian market. Credit rating agencies have downgraded Russia's investment status to 'junk', and MSCI announced on March 9 that it had relegated Russia's ESG (environmental, social, governance) standing to the lowest possible level, indicating that investments in the country's market are deemed risky for the sustainability of an investor's portfolio.

Many have expressed surprise at the rate at which major global corporations are withdrawing from the country, with debates igniting over whether these companies are motivated by ethical considerations, logistical complications, or legal concerns over the mounting number of sanctions being levied against Russia. Regardless of these corporations' motivation, be it moral indignation or corporate self-interest, this swift exit

has provided a wake-up call for financial institutions and central banks around the world that they may need to re-evaluate their sustainability safeguards.

So, where does Georgia stand on the path to sustainable finance?

## STEPS TO SUSTAINABILITY

The impact of Western sanctions in the wake of Russia's invasion has had a relatively small impact on Georgia's financial markets. According to G&T's Head of Research, Eva Bochorishvili, "The country's financial linkages to Russia are limited to VTB Bank Georgia, which accounts for only 4.5% of the country's total banking assets." Soon after sanctions were announced in late February, the National Bank of Georgia (NBG) stepped in to facilitate the transfer of VTB's consumer portfolios to other Georgian banks, expressing its readiness "to protect the depositors' interests by using instruments envisaged by international standards and [Georgian] legislation."

However, the country's financial system is exposed to other social and environmental risks like climate change,

and the assumption that Georgia's capital market will develop further in the years to come means that it could be more heavily exposed to future disruptions in global markets.

In order to mitigate these potential risks, the NBG has joined a growing number of central banks around the world incorporating sustainable finance practices into its financial framework and regulations. The term sustainable finance, which first emerged in the 1980s as European law sought to restrict banks from investing in projects that caused air, water, or soil pollution, has since grown to encompass a range of factors under the umbrella of three primary categories of consideration: environmental, social, and governance (ESG).

The NBG's sustainable finance journey began in 2017 when it joined the Sustainable Banking and Finance Network (SBFN), a collective of regulators and central banks from emerging markets that was created by the International Finance Corporation (IFC) to advise and facilitate the implementation of ESG best practices.

The head of the NBG's Macrofinancial Modeling and Analysis Division, Salome Tvalodze, says the central bank's decision to join the SBFN primarily concerns safeguarding the sustainability of Georgia's financial system: "Sustainable finance is about both risks and opportunities. The world has already acknowledged that climate change and other sustainability issues are sources of financial risk, which is why financial institutions need to address them. There is also the opportunity side. They have the chance to finance projects that have a positive environmental and social impact. For emerging markets like ours, there is also the prospect of getting more financial resources for sustainability projects from IFIs."

The NBG's first task in enhancing the sustainability of Georgia's financial sector was to raise awareness about what

ESG standards are. Tvalodze notes that out of fifteen commercial banks that make up 95% of total assets in the sector, only a few had their own ESG risk management practices implemented before the central bank began mandating reporting in 2021. “For many of the smaller banks, ESG is completely new to them. However, they have expressed a readiness and interest in developing ESG policies, and they are open to receiving our guidance, recommendations, and support in this process,” says Tvalodze.

To push the sector forward, amendments were made to the Corporate Governance Code for Commercial Banks in both 2018 and 2021, with the latter stipulating that supervisory boards incorporate ESG considerations into banks’ strategies and risk management frameworks. It also requires banks to report annually on their achievements in relation to Key Performance Indicators (KPIs).

### HOW ARE GEORGIA’S LARGEST FINANCIAL INSTITUTIONS FARING?

So, what exactly are the KPIs that the central bank is monitoring? In 2020, the NBG, in cooperation with the OECD, developed ESG reporting and disclosure principles that aim to inform the reporting of commercial banks on indicators like GHG emissions, screening for green loans, diversity in the workplace, employee education, customer protection, and anti-corruption management.

Furthermore, the NBG is slated to release two taxonomies later this year that outline precise classifications of what activities and categories are considered socially and environmentally sustainable.

A glance at ESG disclosures from their first year of reporting seemingly indicates that Georgia’s commercial banks have a lot of room to grow in reporting and promoting green finance. Many banks reported in their 2021 ESG disclosure that that data regarding the number of green loans issued in the last year was “not available”, with a handful reporting figures around one to three percent of their total portfolio. However, the NBG’s 2021 Status Report warned that low levels of reporting do not reflect the market accurately because the central bank has not yet released its taxonomy, meaning that many institutions only disclosed investments in renewable energy.

One bank that stood out among the crowd with noticeably higher reporting of green loans was ProCredit bank, which estimated that 16.6% of its portfolio falls into the categories of investment in energy efficiency, renewable energy, or having a beneficial impact on the environment. The bank also boasted in its 2021 disclosure that all loans awarded undergo a general screening for risk management purposes, with a quarter of those then undergoing a more complex ESG screening.

ProCredit Bank Georgia’s Head of Environmental Man-



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► agement, Alexander Jashiashvili, says that the bank, which is a member of the Germany-based ProCredit Holding parent company, has its own taxonomy for evaluating investments as well as ambitious goals for its future levels of sustainability: “We’ve got an internal taxonomy that our parent company has developed based on best European practices, and we use it to evaluate the social and environmental impact of our loans. We also have a goal that 20% of our portfolio will be made up of green loans by 2025.”

Jashiashvili notes that the company approaches sustainability through three pillars that include looking at the impact of its financing for regular clients, promoting loans that are considered green, and evaluating the footprint of its internal operations. “We are proud to say that our head office is the first in Georgia to be certified as energy efficient by EDGE. We’ve installed solar panels on our roof as well as a rainwater system, and our fleet is made up of 100% electric vehicles. We’ve also installed electric charging stations outside of our office, which we subsidize, so that the general population will feel encouraged to use electric cars as well.”

Despite not having their own pre-defined green or social taxonomies, both Bank of Georgia and TBC also have years of experience with ESG risk management, in part due to their presence on the London Stock Exchange, which has made them compliant with the UK Corporate Governance Code. As of 2021, both were represented in the FTSE4Good Index Series for companies “demonstrating strong ESG practices.” They’re also AA rated by MSCI’s ESG index, indicating that Bank of Georgia and TBC are considered “leaders” among their global peers.

And as leaders, they’re both developing ESG initiatives that go far beyond what the NBG is mandating. At Bank of Georgia, Head of Environmental and

Climate Risk Management Ketevan Mumladze says that the bank is developing its own climate risk assessment. “We’ve had environmental and social (ES) considerations integrated into our existing credit risk management structure since 2012. This means we monitor the business activities of our clients to make sure that they meet national standards as well as the EBRD and IFC ES policy requirements. Now, we are in the process of developing a climate-related risk assessment to further measure the impact that our financed businesses may have on indicators like GHG emissions.”

TBC has also had ES considerations built into its risk assessments since 2012. Maka Bochorishvili, TBC’s ESG Coordinator, says that currently about 50% of TBC’s 1 billion GEL portfolio has been screened for ES compliance. And following approval of an ESG strategy in November 2021, the bank has set its own sustainable portfolio growth targets for the coming years. She also notes that TBC’s sustainable goals go far beyond environmental issues. “These goals also include social components, like financing women-led or women-owned companies. In 2021, we adopted the UN’s women empowerment principles and developed a gender policy. This is not only for financing but also internally within our organization. TBC’s staff is currently 70% women, so it’s important to see them in managerial positions. And in fact, currently more than 50% of Executive Committee direct reports [managers who directly report to the executive management] are women.”

#### WHY NOW?

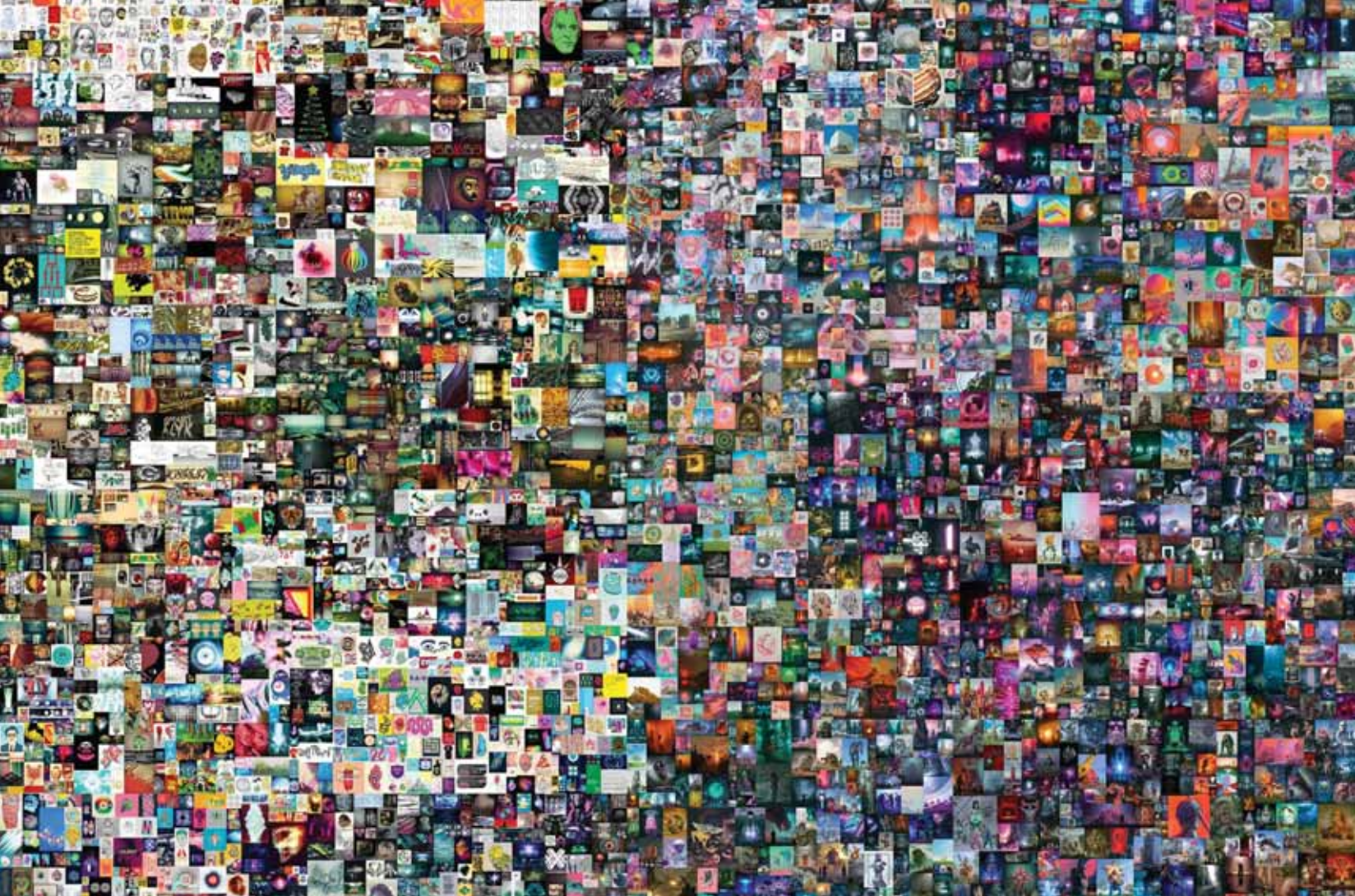
While TBC, Bank of Georgia, and ProCredit have demonstrated their commitment to upholding ESG principles and continuing to incorporate best practices, the NBG has stressed that many other commercial banks will need a great deal of assistance in incorporating ESG risk management into their governance structure.

However, the NBG’s Tvalodze notes that now is the time to implement sustainable practices into Georgia’s financial system: “Sustainable finance is developing very fast and is gaining more importance among investors, financial institutions, consumers and policy makers alike. At the same time, regulations, guidelines, and principles are being introduced that define standards for sustainable finance. We, at the NBG, are closely following the ongoing developments and creating our sustainable finance framework in accordance with the best international practices.”

Asked if she’s seen examples of greenwashing or virtue-signaling in Georgia, she says, “No, not yet. But this is part of the reason why we are developing our taxonomy. Once we have it, we can very clearly label what is a sustainable investment and what is not.”

TBC’s Bochorishvili agrees that the taxonomies will help to eliminate some of the ambiguity around what constitutes sustainable finance. “Beyond investments like renewable energy that clearly decrease GHG emissions, calculating how ‘green’ a loan is can be complicated. Take construction, for example. Say a building is constructed using energy efficient standards. This is green- but how green? You don’t want to report it unless you can measure it. That’s why having a taxonomy will be so important. We will be able to better measure our impact and progress this way.”

She says that she hopes having these defined metrics will spur similar initiatives from other sectors of the economy and widen public discussion about sustainability, a sentiment that Mumladze at Bank of Georgia concurs with: “Part of this goes to the Association Agreement. Georgia as a country is expected to harmonize its sustainability initiatives with EU practices. The financial sector, which is quite a significant portion of Georgia’s economy, needs to do its part. Therefore, we welcome this initiative of the NBG.”



Everydays: the First 5000 Days is a digital work of art created by Mike Winkelmann, known professionally as Beeple

# NFTs – what are they and what can they do for Georgia?

KITTY HORLICK AND  
REUBEN GODFREY

The world of bitcoin, cryptocurrencies, and consequently blockchain technology has bred controversy since its emergence just over a decade ago. Both banks and politicians have alternately decried it a Ponzi scheme or proclaimed it the Future. Stories of crypto investors making it big or losing it all continue to abound. But the latest blockchain innovation to hit the mainstream consciousness is possibly the most contentious to date.

NFTs (non-fungible tokens) have enraged, enriched, but most of all baffled those who encounter them. With a grow-

ing NFT scene in Georgia, Investor.ge decided to take a look at how they're being used, how Georgia is uniquely positioned to benefit from the technology, and what the future of NFTs could look like here.

## GEORGIA'S CRYPTO LURE

The absence of a tax on crypto gains has long made Georgia home to a thriving international crypto community, which has been quick to embrace NFTs. Tbilisi's Art Up Street Gallery, for instance, has several NFT artists on the books and recently launched an NFT fundraiser for Ukraine. WiV Technology are using NFTs to bring additional authenticity to Georgian wines. The NFTbilisi hackathon slated for July 12

will bring together NFT enthusiasts in an innovation competition to create new use cases for NFTs.

## BUT WHAT ARE NFTS?

An NFT is a unit of data stored on a blockchain ledger where it cannot be altered or tampered with. Most commonly, NFTs are used as digital certificates of ownership. In such instances, the data would typically include a link to the asset it represents, current and past ownership, how much it has sold for in the past and terms and conditions of sale.

NFTs are non-fungible, or non-interchangeable, and this is what distinguishes them from other tradable assets like bitcoin or fiat currency, the use of which depends on their interchangeability. One dollar has an identical value to any other dollar, but every NFT is entirely unique. This is what makes them indisputable certificates of ownership; there can be no duplicates.

Though NFTs can, and increasingly are, being used to confer ownership over physical assets such as real estate, wine, and designer clothing, they are most often



► used to sell digital artworks, and frequently at astronomical prices which have engendered widespread skepticism and distrust.

In March 2021, Christie's auctioned *Everydays: the First 5000 Days*, an NFT for a piece by digital artist Beeple, for \$69 million. Many NFT newcomers were left scratching their heads. Why would somebody hand over millions for an image that can be replicated simply through a right click of the mouse?

The answer, as NFTs indicate, is that art-world valuations have always rested not on inimitability but on authenticity. The Mona Lisa has not been devalued by the thousands of Mona Lisa postcards, knockoffs and parodies that have been produced over the years; the original always retains its worth.

Prior to NFTs, digital art could be replicated but not authenticated. Now, no matter how many copies of *Everydays: the First 5000 Days* abound, the original can be identified and digital art can retain its value. With just under \$41 billion spent on NFTs in 2021, the market has become almost as valuable as the entirety of the global art market.

Nonetheless, art world spectators still often remain bewildered by the internal market logic. Take the instance of the *Nyan Cat*. Part-cat, part pop-tart with rainbow flatulence in tow, a jpeg of this improbable creature sold for a value of \$600,000 in 2021.

In the NFT world where humor, irrever-

ence, and most importantly community reign supreme, such a valuation made sense. The *Nyan Cat* was one of the first memes to go viral in 2011. Owning the NFT references participation in a very specific internet subculture and becomes a means of expressing identity online. No one in the digital realm can see the political pin on your lapel or the Supreme trainers on your feet, but they can all see the NFT in your Twitter profile picture.

Many NFT brands have made community membership an explicit part of their offering. Take Bored Apes, a collection of 10,000 NFTs depicting apathetic apes in streetwear that has become the most iconic NFT brand on the market. Owners include Paris Hilton, Jimmy Fallon, and Eminem. *Bored Ape* NFTs double as *Bored Ape Yacht Club* memberships card and guarantee access to benefits including an exclusive Discord server (a chat app with community groups) where other owners – celebrities included – hang out and chat.

Though NFTs can offer 'real-world' membership perks such as access to VIP sections in nightclubs, the communities they kindle are inherently digital and, therefore, international. Unrestrained by the confines of the physical world – covid restrictions, visas, and the burden of travel – members from across the globe form relationships, trade market insights, and birth new subcultures.

Similarly, the intangibility of NFTs has facilitated the rapid, cross-border and

high-volume nature of the NFT market. NFTs themselves are liberated from many of the limitations, such as supply chain complications or wait times for shipping, that plague physical goods.

This access to international markets has been especially appealing to Georgian artists and entrepreneurs. Born and bred Tbilisi artist Jacob Shedevrs (age 23) makes tongue-in-cheek NFTs illustrations identifiable by the cynical, witty text that accompanies them. One piece 'YOU ARE DOING A SUPER GOOD JOB YOU MORON' is scrawled alongside a drawing of a manicured hand doing a thumbs up. Then, there is his 'Heads' series: a collection of 100 poorly drawn silhouettes combined with regular daily thoughts including "I NEED MORE MONEY" and "WHERE IS MY PHONE". This is quintessential NFT humor.

Jacob sold his first NFT in March 2021. In June, a prolific collector based in China discovered his work while browsing through NFT marketplace OpenSea and began to stockpile it. By September, Jacob's income from NFTs had surpassed his salary, and he was able to quit his remote job with a British tech startup to become a full-time artist.

Like many successful NFT artists, particularly those from non-Western countries, Jacob emphasizes that one of the greatest offerings of the NFT world is access to an international market that would otherwise be impossible. NFTs are "the most international and global thing that's ever existed" he says, explaining how his sales and exposure have not been restricted by visa regulations or export barriers.

It is not just the access to foreign buyers, but to foreign currencies that NFT artists value. NFTs are bought and sold with cryptocurrencies, most commonly ETH, which can be exchanged for almost any fiat currency including dollars, pounds, and euros within seconds on cryptocurrency exchanges. "When you have an income in dollars or other currencies," says Jacob, "it's more money, it's more valuable and it's more stable."

One of NFTs' most ground-breaking financial features is automated royalty payments, whereby with every resale, the creator instantly receives a cut. For artists like Jacob, this means his NFTs can generate a perpetual income stream and ongoing access to crypto and foreign currencies through the secondary market.

There are, however, many Georgian



The Nyan Cat meme was originally a YouTube video uploaded in 2011.



**Bored Ape Yacht Club, or colloquially called Bored Ape, is a NFT collection built on the Ethereum blockchain.**

artists who are struggling to penetrate the world of NFTs. One of the main reasons for this is, as Jacob highlights, is a lack of Georgian language NFT resources. Many of the online groups for Georgian NFT artists reflect this; it is common to encounter questions from artists struggling to find clear instructions for how to mint NFTs or navigate the blockchain. Those who do excel within the space are often fluent English speakers.

Beyond digital assets, NFTs can bring an invaluable layer of authenticity to Georgia's leading physical exports. Take, for instance, the wine industry. Wine accounts for a whopping 4.4% of Georgia's exports, and globally speaking is a notoriously fraudulent industry with an estimated \$3 billion a year being lost on counterfeits.

Companies such as WiV Technology are using NFTs to guarantee authenticity and prove provenance. WiV certifies fine wines, stores them in a bonded warehouse, and issues them NFTs which producers and collectors then sell and trade on OpenSea and other marketplaces. As with digital assets, this not only improves transparency, but it also facilitates international trade; collectors can avoid the costs and risks involved in shipping fine wines, and instead trade the NFTs, redeeming the bottles only when they are ready to be opened.

A number of Georgian wine producers have seized upon the opportunity. One of the first cases on the WiV OpenSea is a 2014 Usakhelouri wine produced in Lechkumi. WiV's head of Georgian opera-

tions is leading NFT, blockchain and smart contract legal expert Levan Bodzashvili. Levan has held professorships at Fordham Law School in New York and the Georgian American University in Tbilisi, and he is a passionate advocate for scaling NFT technology across the entirety of Georgia's wine industry and beyond.

"NFTs can bring Georgian products quality assurance on a new level," he says, referencing the Norwegian Seafood Association's use of blockchain to revolutionize its billion-dollar fish industry as an example of how this new technology can deliver a competitive edge to entire industries at a time. However, nation-wide NFT adoption for wines and other products is a monumental undertaking that would require government investment, training, and intervention. Though there has been speculation within the crypto community that this may soon happen, no such scheme currently exists.

Georgia would make the perfect home for such a project. Following the controversial and energy-intensive crypto-mining that exploded in Abkhazia and Svaneti in the late 2010s, Georgia has long been on the radar of crypto entrepreneurs. The low living costs, high quality of life, and, crucially, the absence of taxes on crypto gains in Georgia have retained the interest of the crypto community, and the country is home to a large number of crypto entrepreneurs.

Beyond bringing NFTs to wine and other agricultural industries, Georgia could harness the potential of this com-

munity and carve out a niche as a crypto and NFT hub. For this to happen, Georgia needs a specifically designed regulatory framework to attract investment, start-ups, and talent. Levan argues that the entire country should become a technology tax-free zone. There is already a special status for the tech companies who work here, but it requires two years to secure which is "not rapid enough" and leaves Georgia struggling to compete with countries such as Dubai.

Establishing Georgia as an NFT hub would not only fuel industry and investment, it would also encourage Georgian institutions and individuals to make the most of NFTs' fundraising possibilities. Inspiration can be taken from NFT cultural heritage projects in other parts of the world such as the Non-Fungible Castle, an innovative NFT auction whose proceeds went to restoring the Lobkowicz Castles and public art collection in Prague. The auction not only sold out, it also successfully engaged a young, international audience with Czech history and art.

Many of the NFFCastle pieces corresponded to original physical artworks and made use of digital tools to reveal new histories and hidden dimensions in the work. Unseen Gaze NFT, for instance, which depicts the Italian Renaissance painter Paolo Caliari's portrait of David with the Head of Goliath, incorporates an x-ray of the painting, revealing a painted over and previously unseen face in the shadows beneath David's arm. It sold for 25 ETH, which at the time of auction held a dollar value of \$93,800.

So, what does the future hold for NFTs in Georgia? Well, in April, Levan will launch the NFT school Georgia where classes for NFT beginners and advanced users will be conducted in both English and Georgian; in July, the NFTbilisi hackathon will take place; and in the meantime, artists like Jacob have no plans of slowing down. With this sort of initiative locally, and a seemingly exponential growth in the space globally, Georgia has a unique opportunity to jump right in as an international forerunner for NFT innovation in the coming years.

*Kitty and Reuben are partners at Blackwood, an international advisory and PR service specializing in crypto, blockchain and NFTs.*

# IS A SMART CONTRACT CONSIDERED A CONTRACT UNDER GEORGIAN LAW?

In recent years, the use of blockchain technologies has become widespread in Georgia, with Triple A payment platform estimating that 115,000 people, or 2.9% of Georgia's total population, owned cryptocurrency as of 2021. Considered one of the top sources of crypto mining in the world, Georgia was also one of the first countries to develop the use of blockchain for registering land titles.

One potential use of blockchain technology that is growing in popularity is the smart contract, which uses computer code to execute tasks automatically when predetermined conditions are met. From raising money to storing data, or even registering property, these smart contracts have numerous applications that can be utilized in a variety of sectors. For instance, the functions of an NFT (non-fungible token), a non-replicable cryptographic asset on a blockchain, which can represent and tokenize tangible assets like artwork and real estate are based on underlying smart contracts. In the healthcare sector, researchers have used smart contracts to develop a more efficient type of organ donor list that allows donors to swap transplants, resulting in a higher number of patients being able to receive life-saving treatment.

In addition to increasing the efficiency in which a contract can be executed, smart contracts also ensure performance without recourse to the courts. Considering the widescale applicability of smart contracts and the growing relevance of blockchain technologies, it is crucial that Georgia's legal system adapt to new challenges, such as the validity and enforceability of smart contracts. Otherwise, companies and natural persons involved in this industry will not have effective remedies to protect their rights.

The first question that arises when discussing the legal

implications of smart contracts is whether smart contracts are considered legally binding contracts under Georgian law.

Under the Civil Code of Georgia, a contract shall be deemed formed if the parties have agreed on all of its essential terms. A clear and definite offer and acceptance are required to agree on essential terms of the contract.

So, how does this procedure translate into the world of smart contracts?

A smart contract is a computer code in a high-level programming language. One would need to learn that programming language to be able to draft or understand smart contracts. In most cases, it would be almost impossible to consider the essential terms of the contract as agreed upon when based solely on a smart contract. Not all of the crucial operational clauses of the contract are automated, and most of the non-operational clauses (such as jurisdiction clause, applicable law, representations, warranties, etc.) are not incorporated into the code. This makes it difficult for lawyers to understand what the parties' intentions were when they initiated the smart contract.

To demonstrate the complexities of applying Georgian law to a smart contract, let's look at the example of an Initial Coin Offering (ICO). An ICO is the crypto industry's equivalent of an Initial Public Offering of securities. A company will use an ICO when it is seeking financing for a project to create a new coin, app, or service. In this case, a creator will initiate an ICO through a smart contract on a decentralized platform such as Etherscan, Solana, or BSC. The creator then invites investors to buy new tokens, which can be done by following the proposed procedure on the smart contract platform. If an investor transfers cryptocurrency to the smart contract's wallet, the smart contract will automatically distribute

tokens equivalent to the invested amount. Once the soft cap, or the minimum defined limit for the collection of funds, is reached, the smart contract will automatically allow the creator to withdraw funds. If the token sale fails to reach a soft cap, the investor is automatically refunded.

It should be noted that most of the terms and conditions in this process are agreed upon by using natural human language. The information between the creator and the investor is exchanged through different means of communication. Generally, creators issue a white paper (the crypto equivalent of a prospectus), which describes the project and all of the essential terms and conditions of the contract.

Therefore, in this process, a smart contract does not constitute a separate legal contract by itself. It is designed to execute certain tasks agreed upon by the parties based on the white paper.

In this case, the smart contract can be compared to a vending machine. Often, a vending machine will feature an advertisement and/or visible product along with instructions on how to use it. This invites customers to form a contract of sale by performing a certain action (implied-in-fact contract). If the machine is operating properly and money is inserted into the machine, then it will perform the contract of sale automatically. The machine does not constitute the terms and conditions of the contract; it merely ensures the automatic performance of the contract as the parties agreed.

Accordingly, there is a difference between smart contract code, which refers to code that is designed to execute certain tasks, and a legal contract, which refers to elements of a legally binding agreement that are represented and executed by software. Therefore, under the Georgian legislation, in order to give smart contracts the binding effect of a traditional contract, some sort of an umbrella agreement, oral or written, is needed to form a legally enforceable contract and create enforceable rights. In other words, in addition to a smart contract, an agreement (written, textual, clickwrap, or any other form), which stipulates essential terms in human language and authorizes the code to execute the contract, is required.



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# Georgia is giving it the 'old college try' to attract international students

**W**hile most of the students coming to Georgia from abroad may be interested in medical studies, any business graduate can see that Georgia has enormous potential to become an education hub for international students.

A look at the numbers alone seems to indicate that Georgia's universities are heading in the right direction. Information collected from Geostat shows that the number of international students in Georgia has almost tripled since 2015, a statistic that is unsurprising given Georgia's growing reputation as a home to high-quality study programs with affordable tuition, a low cost of living, and a safe environment. Even more impressive is the continued year on year growth of enrollment numbers that persisted throughout the pandemic, a time when many industries saw contraction.

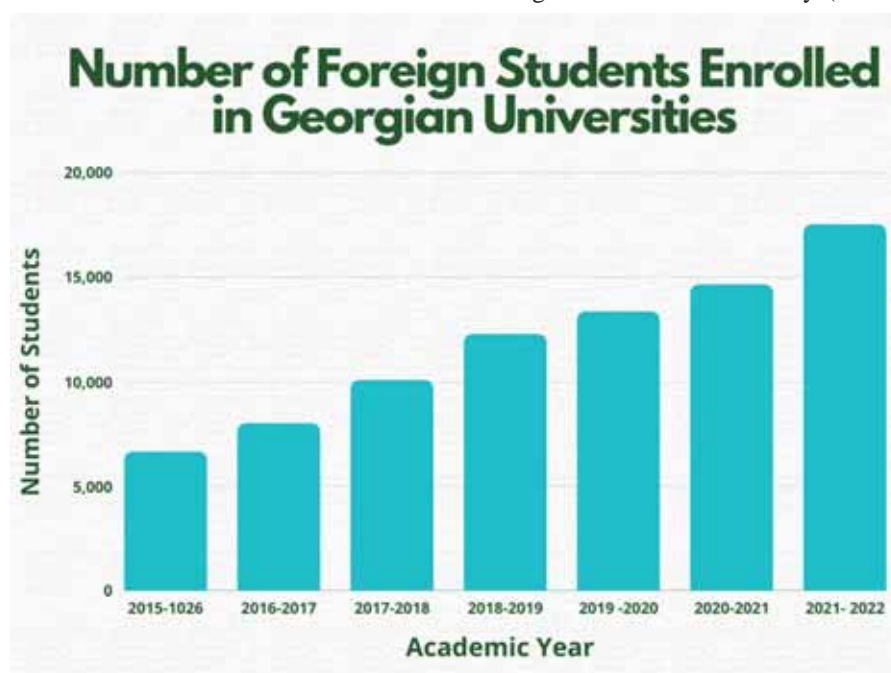
For many of Georgia's universities, international students are a welcome addition to their Georgian cohorts; these students provide diversity and varied per-

spectives as well as additional revenue. And the economic benefits extend far beyond the ivory towers of those academic institutions; international students contribute to the service industry, real estate market, and various other sectors of the economy.

With the average foreign student

expected to spend around \$10,000 per year, this amounts to an injection of \$170 million into Georgia's economy for 2022, which is more than 1% of the country's annual GDP.

And this expanding market still has plenty of room to grow. President of Georgian American University (GAU)



and AmCham VP Michael Cowgill says that the potential market for attracting Indian students alone, which make up the largest population of foreign students in Georgia, is massive.

“With around a million students applying for medical studies in India each year and only 80,000 spots available in public universities, many students look outside of the country for an affordable place to study. They see Georgia, with its internationally recognized medical programs, affordable tuition, and safe and conservative environment, and it is very appealing to them.”

Despite this huge market potential, many university administrators say they have struggled to successfully recruit international students due to the arduous student visa process, an issue that presented long before Covid-19 brought border restriction-related complications of its own. Cowgill explains that the cumbersome process of enrolling a student requires several steps and a number of state agencies, including the National Center for Education Quality Enhancement (EQE), the Ministry of Education and Science (MoES), the Ministry of Internal Affairs, and the Ministry of Foreign Affairs. “One problem with the visa is the sequential nature of the process,” he notes. “It makes it very difficult for students to complete the process in a reasonable time.”

The first step of this process involves the screening of prospective students’ academic qualifications, which is done by the EQE and involves verification of documents like high school transcripts and diplomas. Only after these documents are approved by the EQE and sent to the MoES can an applicant be enrolled and apply for a student visa.

Dean of San Diego State University (SDSU) Georgia Halil Guven says that this first step alone can be problematic.

“Many students continue on to university straight out of high school. By the time they get their diploma in hand, it could be July or August. Who will wait that long to be admitted to university? And, at that point, they still need to apply for a visa.”

Instead, Guven, Cowgill, and several other university leaders that are working on this issue with the AmCham Education and Training Committee recommend the current process be reformed so that students can be conditionally accepted and start the visa process before having their academic documentation verified.

Guven notes that through an international agreement signed between SDSU and the Georgian government, SDSU Georgia was able to operate in this way. “Because our program was part of an international agreement, we were able to get an exemption that allowed us to conditionally accept students in March of their final year of high school. With that acceptance, they were granted student status and were able to apply for a student visa. They then had until the end of the first academic semester to get their EQE diploma check. This was a very successful program for us, and it would be great to see a program like this piloted for other universities.”

And while universities firmly assert that the current bureaucratic red tape around student visas is not a result of Covid-19, they do think that there is a lesson to be learned from the pandemic: much can be done online. For one, moving visa interviews to an online format, a practice that was allowed during the pandemic, would significantly decrease the burden on students who must sometimes travel a significant distance to attend it.

Beyond this, many Georgian university representatives also say that the pandemic has provided a strong case for reforming Georgian legislation, which is currently restrictive in its recognition

and allowance of online education. Many universities say this restriction has limited their ability to create joint programs with international partners and hindered efforts to attract quality instructors.

GAU’s Head of International Student Admissions Anano Tsitaishvili says that easing the restrictions on online learning would give students and instructors the flexibility they need. “Online learning allows us flexibility when navigating the visa process with our students. If a student is having trouble procuring the documents they need or waiting for their visa, they can start the process remotely with distance learning and join the cohort in person once their documents are approved. In general, Georgia faces a shortage of qualified English-speaking professors in many programs,” she notes, “being able to occasionally recruit instructors from abroad to provide lectures online would be of great benefit.”

While university administrators see these hurdles as significant, they remain confident that attracting international students is a big win for both them and the Georgian economy. As Guven notes, an openness to reforming the current system will help Georgia gain a long-term reputation in higher education, but it also presents an opportunity to lend a hand to Ukraine now.

“Georgia could be a haven for international students. And we have a unique opportunity now to extend our hand to students in Ukraine and welcome them. Ukraine and Georgia have similar cultures, costs of living, and a proximity to each other that could be very beneficial for students from Ukraine. But to do this, we need the government to take a proactive approach and tackle some of these issues.”

*This article was prepared with the support of the USAID Economic Security Program.*



# Why Georgia urgently needs power market reform

**T**he slow pace of power market reforms is causing stagnation in the Georgian energy sector, but hopes are high that by September of this year the new electricity markets will be up and running.

This is important because Georgia's energy sector slowdown has been ongoing for at least five years now. Formerly a power exporter, starting in 2017 Georgia has become increasingly dependent on both direct power imports and gas to feed its increasing number of thermal (natural gas) power plants, ESCO data show. The share of hydropower has become far less prominent in the country's power mix, in turn limiting the potential of wind and solar power uptake due to a lack of balancing capacity on the grid. While there are other factors which have brought the sector to a standstill – a lack of attractive incentive mechanisms (though there increasingly appears to be some willingness to address this issue), chaotic energy system planning, disinformation campaigns which have encouraged public resistance to hydro – much needed power market reforms are an important coefficient in this equation.

Georgia took on the obligation to reform its power markets in signing the Association Agreement with the EU in 2014. Delays have been caused by a number of factors, including lack of market participant preparedness, delays in the procurement of appropriate trading platforms, and other technical and legislative details which are still being worked out. Acknowledging the technical issues at hand, AmCham member and crosscountry capital CEO Radoslaw Dudolenski adds there has also been a lack of market participant willingness to engage with the new markets. "The thinking has been that the arrangement of the market was comfortable – why change it?". Dudolenski adds that concerns of potential backfires in the market and frequent changes in agencies responsible for handling the reforms have also proved problematic. Market reform, after all, requires expertise and close familiarity with the issues at hand. These take time to build up.

But Head of the Energy Reforms Department at the Ministry of Economy and Sustainable Development (MoESD) Alexander Sokhadze is optimistic; he

says that now the markets are slated for opening on September 2022: "We want to do this very carefully, and we want to do it right. It is an absolute must for us to open them." Here's why it's so important that happens.

## WHAT ARE THE POWER MARKET REFORMS?

Georgia's energy markets have historically been highly regulated and have only recently begun a trajectory towards a more competition-friendly model. This includes the unbundling of supply and distribution activity on the network, the release of regulated HPPs from their obligation to price at tariffs determined by the Georgian Energy and Water Supply Regulatory Commission, and the introduction of new market structures.

Distribution and supply activities have historically been carried out by the same distribution system operators (DSO) – Telasi and Energo-Pro – leaving little to no room for third-party suppliers to enter the market. These two companies have only recently been unbundled (summer 2021), meaning that while their ownership structure remains the same, the two companies have been split into distribution (network) and supply (procurement and sale of electricity) activities; they are forbidden by law from coordinating certain aspects of their activities. This, it is hoped, will eventually encourage the entrance of additional suppliers onto the market and thus give rise to robust competition in the space.

Electricity prices have also been highly regulated. Only now are a significant chunk of regulated HPPs being released from their public service obligation (PSO) over the course of this year, meaning they will no longer be bound by tariff prices set by GNERC. PSO exemption will allow power producers to establish their own trading strategies,

make their own price bids, and thus encourage the formation of real price data on the electricity markets.

The current market structure is getting a makeover as well. The current architecture has just two markets: the bilateral contracts and balancing markets. The bilateral contracts market is where the bulk of electricity trading takes place, in large volumes, over roughly month-long periods. The balancing market, in turn, is a 'post-factum' market, in which shortfalls or overestimations of monthly energy needs are corrected for. The new markets will significantly alter the structure by adding levels of granularity – that is, by adding a day ahead and intraday market, enabling trade on an hourly and daily basis, creating a spread of data which will establish real price data on the Georgian electricity market.

## **NO PRICE, NO DICE – WHY POWER MARKET REFORM IS SO IMPORTANT**

While market reform is a puzzle with many moving pieces, it is the creation of this very price dataset which is so important, and the lack of which has hindered RE development in recent years. Without real, historic reference prices for electricity, the bankability of power projects in Georgia has depended, almost entirely, on the provision of sovereign guarantees (power purchasing agreements, PPAs), which promise producers a set price per kWh produced. Fearing excess fiscal risks due to a back log of essentially suspended HPP projects, a moratorium on PPAs has been in place since 2017, which, in the absence of other alternatives, has brought RE development to a standstill.

The incentive mechanism offered instead of PPAs, called a feed-in premium, is essentially useless without the presence of liquid markets: even local

banks say as much, and largely refuse to finance projects backed by FIPs. This incentive mechanism offers producers up to a maximum of 1.5 cents / kWh on top of market price with a total price cap of 5.5 kWh. This offers little guarantee to the viability of projects. During due diligence on power projects with FIPs, financing institutions will often take the worst-case scenario for market prices (a price of 0), which would wipe out even the most efficient of HPPs.

Thus, the formation of real market prices through the mechanisms described in the reforms above will give developers, investors, and the government a reference framework through which to examine project viability, advisability, utility and return potential.

## **WHY IS MARKET LAUNCH DELAY DETRIMENTAL FOR GEORGIA?**

Given the current impasse on PPAs and the inapplicability of FIPs, it is imperative the new market structure move quickly towards implementation, field experts say. The new markets will need to function for at least several years before being able to yield reliable price data. The longer market reform stretches on, the longer Georgia goes without increased investment, and the country falls behind on its climate and energy goals. Further delay will have a cascading series of effects.

Energy security is but one of them. Russia's war of aggression against Ukraine has shown the importance of robust and reliable energy systems and will have sent strong messages to proponents of the idea that 'Georgia doesn't need hydro, it just needs nuclear.' This is clearly not an option for a country which faces the specter of Russian incursion.

Lastly, the competitive markets will allow the legislature to more effectively and transparently carry out energy plan-

ning, a vital component to the health of any electricity system.

crosscountry capital CEO Dudolenski describes the price Georgia will pay for delayed market launch and inaction on energy planning: "Georgia has failed to invest enough over the past 5-7 years. Things started well, but now we are at a standstill. So, this needs to happen much sooner rather than later. We are like a frog in boiling water that doesn't realize the water is heating up. If there is no development, we will pay the price one way or another."

## **PROGRESS AND PROGNOSIS**

Fortunately, there is a degree of consensus that the launch is so far on track for September 2022 and will not cause large disturbances on the market. Dudolenski concedes that though there is uncertainty, "it is my belief that price will fluctuate within the norm of what we have now if there are no backdoor manipulations".

GNERC Director of Electricity Department Zviad Gachechiladze says he is also optimistic about the pace of market reform, and is confident the markets will indeed launch in September 2022. "Large producers and consumers are feeling more confident in their ability to trade on liquid platforms and there is less anxiety over price fluctuations. They (producers) do remain concerned about their ability to properly and accurately forecast generation, for which we have made some allowances. Trainings for market participants are proceeding at a steady rate and the necessary platforms have been procured", Gachechiladze says. That is – it is unlikely for the water to get so hot.

*This article was written with the support of the USAID Economic Security Program.*



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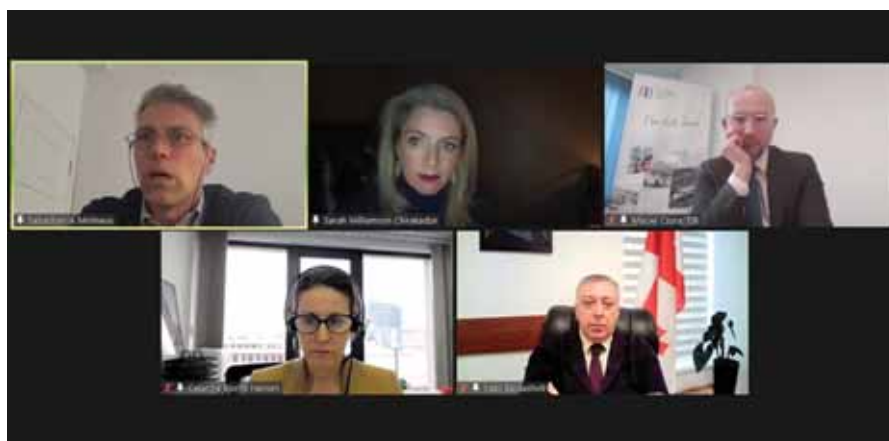
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**39 NEW MEMBERS**

**40 MEMBER DIRECTORY**

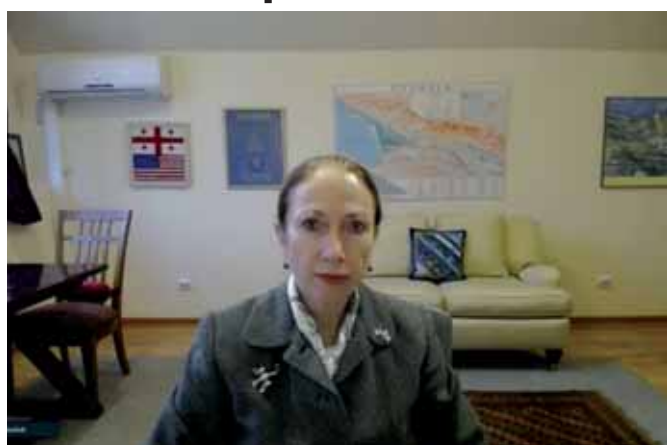
**44 BOARD OF DIRECTORS**

## AmCham meeting with EBRD, World Bank, ADB and EI

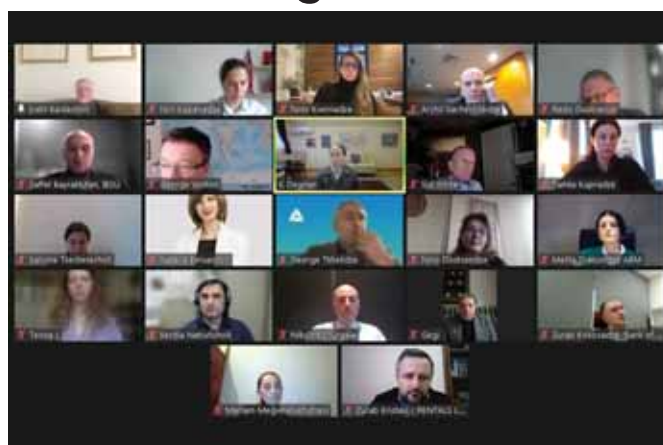


On February 10, AmCham Georgia hosted a Zoom meeting with International Financial Institutions in Georgia represented by Ms. Catarina Bjorlin-Hansen (EBRD Regional Director for the Caucasus), Mr. Shane Rosenthal (Asian Development Bank Country Director for Georgia), Mr. Maciej Czura (European Investment Bank Head of Regional Representation for the South Caucasus) and Mr. Sebastian Molinueu (World Bank Regional Director for the South Caucasus). The presenters discussed their organizations' summaries of their 2021 activities and their plans for the coming year followed by Q&A.

## AmCham speaks with US Ambassador Degnan

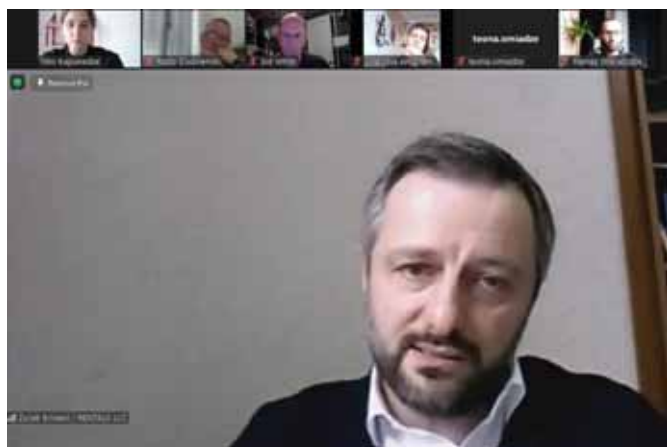


On March 21, AmCham Georgia hosted US Ambassador to Georgia H.E. Kelly C. Degnan at an online meeting with members.

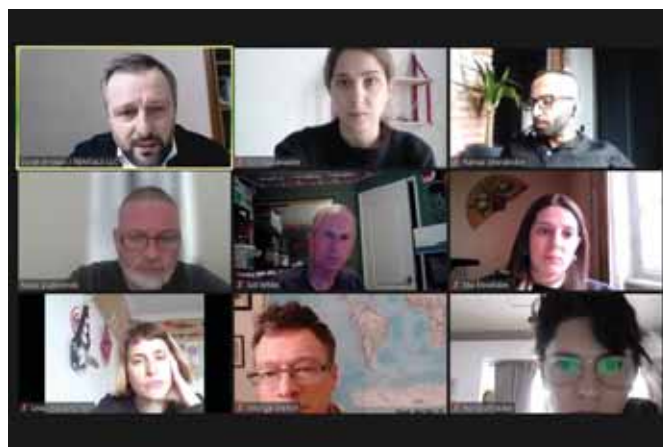


The Ambassador presented to AmCham members on the Russian war with Ukraine and its implications for the region and the world.

## Construction and Real Estate Committee Meeting



On March 14, AmCham hosted a virtual Construction and Real Estate Committee initiated by the Co-Chair of the committee, Mr.



Zurab Eristavi. Members of the committee discussed the impact of the Ukraine war on the sector.



## Georgians take to the streets to stand with Ukraine

Over a month has passed since the world awoke on February 24 to the horrifying news that Russia had invaded Ukraine. In condemnation of the aggression, Western governments swiftly levied a massive range of sanctions, volunteers gathered near Ukraine's borders to assist the growing number of refugees, and major corporations announced that they were cutting ties with Russia.

In Georgia, the response was also immediate. Within hours of hearing about Russia's attack, Georgians took to the streets to make their voices heard. The message: Georgians stand in solidarity with their brave Ukrainian brothers and sisters. For nearly two weeks following the onset of the war, demonstrators gathered en masse in the streets of the country's major cities to express their solidarity and support for the Ukrainian people. Day after day, the Ukrainian

flag joined its Georgian counterpart on billboards, in shop windows, and the hands of thousands as they marched through the centers of Tbilisi, Kutaisi, and Batumi, chanting "Слава Україні!" and "Gaumarjos!"

For many, carrying signs with slogans like "Ukraine's war is our war" and "Stop Russian aggression", the invasion of

Ukraine has struck a particularly painful chord. With two of its own Russian-backed separatist regions and the ache of the 2008 Russo-Georgian war still fresh in the hearts and minds of many, it is unsurprising that Georgians are united in their solidarity with Ukraine.

A recent poll done by Tbilisi-based Analysis and Consulting Team (ACT) further indicates just how unified Georgians are on the matter. According to the survey, 87% of Georgians agree with the statement that "Ukraine's war is our war too."

That feeling of solidarity has also spurred the Georgian people to do more than just voice their support – they're also lending a hand. Grassroots social media campaigns have organized announcements from businesses and individuals who are offering housing, food, and employment to the estimated 30,000 Ukrainians already in Georgia. Donation centers around Tbilisi have collected tonnes of humanitarian aid to be sent to Ukraine, and some Georgians have even traveled to Ukraine to express their solidarity by fighting alongside their Ukrainian brothers.

Despite the uncertainties around when the war may end and what it will mean for the region, one thing remains clear: Georgians overwhelmingly stand with Ukraine. *Slava Ukraini!*



Ukrainian President Zelenskyy addresses crowd of Georgian supporters gathered in front of the Georgian parliament

# AmCham members show solidarity with Ukraine, offer support

Since Russia's war against Ukraine began on February 24, AmCham Georgia has expressed its full solidarity with the Ukrainian people. We are proud to say that our member organizations have quickly jumped into action to offer support to the Ukrainian cause through fundraising efforts, solidarity events, offers of assistance to Ukrainians in Georgia, and donations of medical supplies and other necessities. Make sure to check out the online edition of Investor.ge as well as AmCham Georgia's Facebook page to see an updated list of all the support being offered by AmCham members as they continue to stand with Ukraine.



## ABM

In a sign of solidarity, ABM sent products needed for emergency medical care by plane on March 6. In addition to emergency medical products, the ABM team provided strong financial support to the Ukrainian people in cooperation with the Save Ukraine Foundation, which is sending humanitarian aid through the Polish border.



## BANK OF GEORGIA

### BANK OF GEORGIA

Bank of Georgia has opened a special fundraising account through which it has raised and transferred over GEL 1.6 million, including GEL 250,000 on behalf of its employees. These funds have been donated to the Red Cross to provide humanitarian and financial assistance to the Ukrainian people as well as post-war rehabilitation and support for Ukraine. Bank of Georgia is also working with its partner corporate businesses to offer accommodation for individuals moving from Ukraine to Georgia.



## CENN

CENN has organized several activities to support Ukraine, including collecting donations and sending humanitarian aid via the Ukrainian Embassy in Georgia, organizing green camps for Ukrainian youth in CENN Green Training Centres, and engaging Ukrainian specialists in CENN projects for paid jobs. CENN has also organized twinning with Ukrainian CSOs for joint actions to fight fake information and implemented visibility actions in the media to support Ukraine.



THREAD LIFTING METHODS

## APTOS

According to the decision of the company's general director, Mr. George Sulamanidze, LLC Aptos has transferred GEL 50,000 to the Ukrainian people support funds. Aptos employees have also collected an additional GEL 7,000 and transferred it for the same purpose.



კავკასიის უნივერსიტეტი  
CAUCASUS UNIVERSITY

## CAUCASUS UNIVERSITY

Caucasus University has held several events in support of the Ukrainian people, including a charity exhibition sale with funds donated to the Ukrainian people and a blood drive. The university has also organized a charity fundraising account for the people of Ukraine, donated medical supplies through the Come Back Alive foundation, and donated money to a fund created for the Ukrainian people through the program Prime Show.



CRYSTAL  
MICROFINANCE ORGANIZATION

## CRYSTAL

Crystal has donated GEL 100,000 to the Ukrainian cause, which has been used in part to support the Ukrainian Red Cross and shipment of 40 tons of humanitarian aid from Georgia, in cooperation with the Embassy of Ukraine in Georgia. Crystal is covering commission fees for Ukrainian citizens, and through the creation of an initiative group, Crystal employees have been directly involved in helping Ukrainian refugees in Georgia find housing and support.



## 大成 DENTONS

### DENTONS

As of March 14, Dentons had already raised more than 385,000 euros in donations through its registered charitable foundation, the Dentons Europe Foundation, to fund emergency relief for Ukrainian families and children displaced by the war. Dentons is continuing its fundraising efforts and offering its team in Ukraine any possible assistance, including financial support, transport, relocation, accommodation in Ukraine and the neighboring countries, as well as trauma and psychological counselling.



### GAZELLE FINANCE

Gazelle Finance has donated money to the charity organization providing humanitarian relief in Ukraine. Given that its office in Ukraine is in a very nascent stage of development and its leadership is currently preoccupied with personal safety matters, its base of operations for supporting Ukraine is Georgia, and it will continue its efforts here, including working with Ukrainian companies who are either relocating to Georgia permanently, temporarily / transitory, or even virtually.



### GEORGIAN AMERICAN UNIVERSITY

Georgian American University has donated a substantial amount of financial aid to the Humanitarian Funds, and its co-founders have personally donated to humanitarian and military funds. GAU is ready to assist international students in Ukraine in applying to its programs and is offering a full one-year scholarship for Ukrainian students for its international programs as well as funding of tuition fees for current Ukrainian students. GAU and its President are working together with Wings & Freeman on the new fund "Alliance – Friends for Ukraine" for donations from those businesses that have benefitted from OPIC loans from the US government.



### GULF GEORGIA

Gulf Georgia is providing fuel to deliver humanitarian assistance that is collected in Georgia. Thus far, through its partnership with humanitarian aid organizers at Paliashvili 60 and the Embassy of Ukraine in Georgia, Gulf Georgia has sponsored 21 trailers that have left from Tbilisi and will arrive in Ukraine soon, with 5 additional trailers having already arrived in the country.



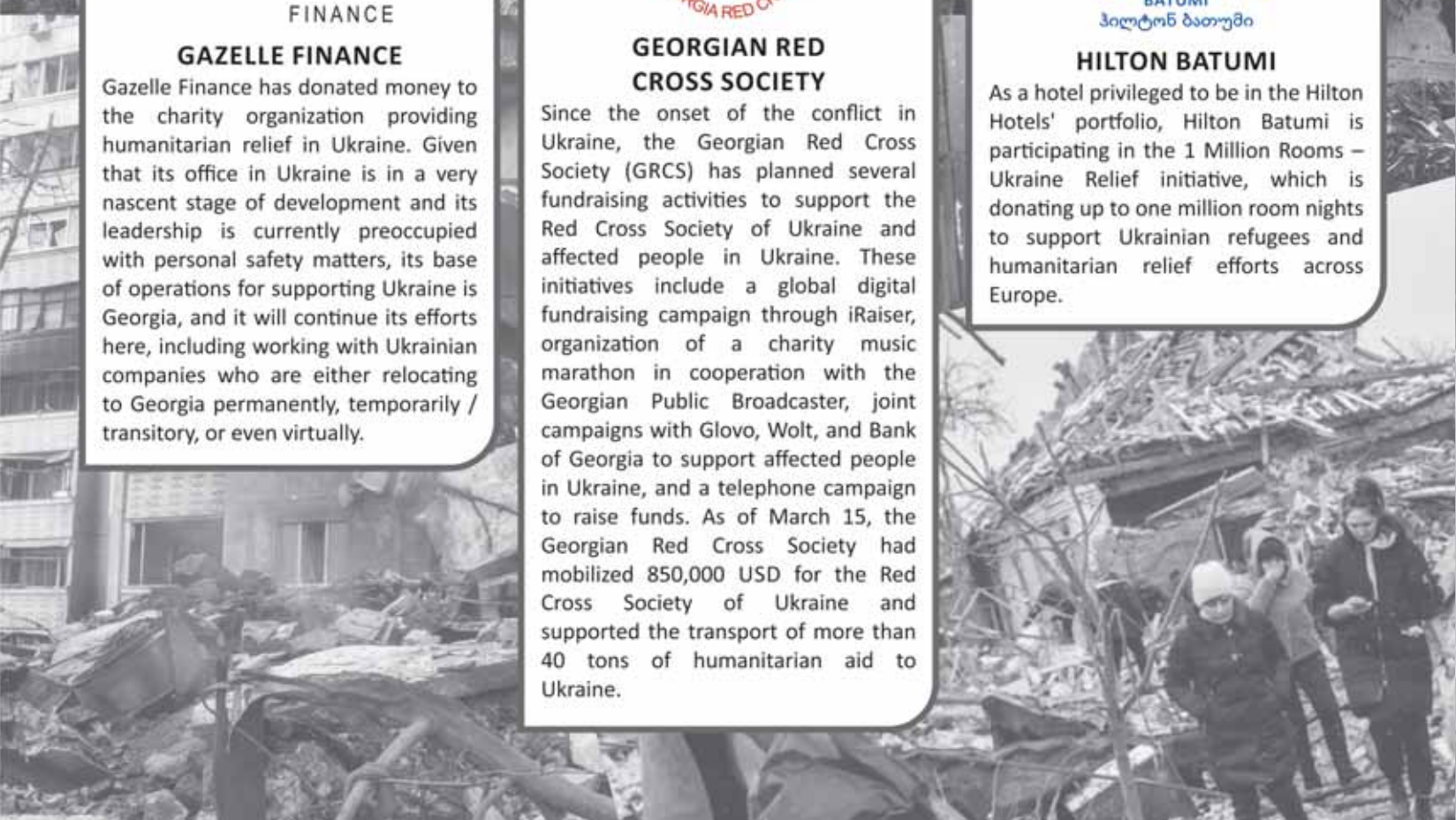
### GEORGIAN RED CROSS SOCIETY

Since the onset of the conflict in Ukraine, the Georgian Red Cross Society (GRCS) has planned several fundraising activities to support the Red Cross Society of Ukraine and affected people in Ukraine. These initiatives include a global digital fundraising campaign through iRaiser, organization of a charity music marathon in cooperation with the Georgian Public Broadcaster, joint campaigns with Glovo, Wolt, and Bank of Georgia to support affected people in Ukraine, and a telephone campaign to raise funds. As of March 15, the Georgian Red Cross Society had mobilized 850,000 USD for the Red Cross Society of Ukraine and supported the transport of more than 40 tons of humanitarian aid to Ukraine.



### HILTON BATUMI

As a hotel privileged to be in the Hilton Hotels' portfolio, Hilton Batumi is participating in the 1 Million Rooms – Ukraine Relief initiative, which is donating up to one million room nights to support Ukrainian refugees and humanitarian relief efforts across Europe.





#### PASHA BANK

To support Ukraine, PASHA Bank has decided to cover the commission fee for money transfers to Ukraine. The bank has also sent humanitarian aid worth GEL 10,000.



## SHERATON GRAND

Tbilisi Metechi Palace

#### SHERATON GRAND TBILISI METECHI PALACE

Teams in the Georgian Marriott International Hotels (Marriott Tbilisi, Courtyard Tbilisi, Moxy Tbilisi, Sheraton Grand Tbilisi Metechi Palace, Le Meridien Batumi, Sheraton Batumi and Luxury Collection Paragraph Hotel – Shekvestili) have raised funds to purchase dry food, baby formula, nappies, and other hygiene items for humanitarian aid in Ukraine. The goods, worth over 20,000 GEL, were collected, packed, and delivered to the collection point organized by the International Women Association in Tbilisi.

# LIBERTY

a bank for everyone, everywhere.

#### LIBERTY BANK

Liberty Bank has opened a special fundraising account to raise money in support of Ukraine. As of March 14, Liberty Bank had raised GEL 92,224 through donations from customers and employees. The funds have already been transferred to the Red Cross to aid humanitarian efforts in Ukraine.



#### PWC

PwC is in constant contact with its employees in Ukraine, which include more than 800 people from offices in Kyiv, Dnipro and Lviv, to ensure their safety. PwC is supporting transportation for relocation of its employees, as well as accommodation, financial support, and legal assistance to those affected.



#### MERCURE TBILISI OLD TOWN

Hotel IBIS Styles Tbilisi Center, in cooperation with GNTA, has provided 25 complimentary rooms and meals for Ukrainian refugees.



## SAN DIEGO STATE UNIVERSITY

#### SDSU GEORGIA

SDSU Georgia's American Chemical Society chapter and Associate Students Board have teamed up to host a STEM-themed version of the intellectual game "What? Where? When?". Interested student teams will be able to participate with a minimum 50 GEL donation to TBC Bank's specially instituted Ukraine fund. Student contributions will be matched by the staff of SDSU Georgia.



## თბილისი | TBC

#### TBC GROUP

TBC bank has opened a local charity fund through which donations are being transferred daily to the humanitarian account of the National Bank of Ukraine. Over GEL 1.5 million has already been transferred, including a GEL 200,000 donation made by TBC. TBC is partnering with business associations, government agencies, international organizations, and local businesses on a number of initiatives to provide humanitarian support to Ukraine in addition to supporting the families of 12 TBC team members currently working remotely from Ukraine.



#### NEXIA TA

Nexia TA, with its employees, has donated GEL 10,000 to a charity account in support of the Ukrainian people.



### TERABANK

As a sign of solidarity and support, Terabank has planned humanitarian aid. On behalf of the staff, the bank has purchased medicines, medical supplies, baby food and other necessary items to be sent to Ukraine. Terabank has also opened a special charity account where the bank's customers or employees can donate money to help the Ukrainian people. After raising the money, Terabank will buy necessary medicines and send them to Ukraine.



### UGT

UGT has partnered with the Georgian Red Cross Society to send humanitarian aid to Ukraine. Through joint effort by UGT staff to organize packaging and logistics, food, baby formula, hygiene products and other necessities were sent to Ukraine on March 18. UGT has also joined the #TechForUkraine campaign and is offering to share various IT services, consulting services and professional knowledge with NGOs operating in Ukraine that need urgent technological support.



### VISA

Visa has donated \$300,000 to the Georgian Red Cross Society to support its activities in providing humanitarian assistance to Ukraine. The Visa Foundation has also allocated \$2 million in grants to UNICEF to support its humanitarian efforts in Ukraine.



### TRANSPORTER

Transporter has delivered humanitarian aid worth GEL 30,000 to Ukrainians in need through the organization and unconditional support of its staff. Transporter's employees were physically involved in the entire process, including the purchase of essential supplies, baby food, hygiene items, thermal clothing and blankets, sleeping kits, and other goods for infants, teenagers and adults.



### UPS

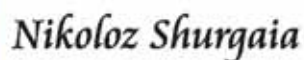
UPS has been in touch with different organizations and its partners to receive updated information on what support Ukraine needs. So far, the UPS Foundation has pledged \$1 million USD in emergency funding and in-kind support for the crisis in Ukraine. As the ASC for UPS & UPS SCS in Georgia, Meridian Express Ltd transferred 5000 GEL to Nanuka Zhorzholiani's TV marathon on March 2 to help Ukrainian children, 5000 GEL to Red Cross Georgia, and 5000 USD to the National Bank of Ukraine's special Fundraising Account for Humanitarian Assistance for Ukrainians.



### WISSOL

The Wissol Group has raised 120,000 GEL to support Ukraine. It has also provided fuel for the Embassy of Ukraine's domestic shipment of humanitarian aid and provided sleeping bags and thermo accessories for people in Ukrainian shelters. Wendy's and Dunkin', in cooperation with Produce Georgia, have also handed out food vouchers to Ukrainians in Georgia.

*AmCham Georgia is hosting a fundraiser on April 15 to raise money to support Ukraine. All donations are immediately transferred to the Ukrainian state budget.*  
**WE ARE EXTREMELY GRATEFUL TO THE SPONSORS SO FAR:**



# NEW MEMBERS

**Dimitry Belyanov**  
 Individual Member  
 Okriba-wine.georgia

**Tamar Latsabidze**  
 Visiting Member

# AmCham Company Members as of April 2022

## PATRON MEMBERS

### BP Exploration Georgia

14, Ialbuži St.  
Tel: 2593520  
www.bpgeorgia.ge

### KPMG Georgia LLC

5th Floor, GMT Plaza,  
4 Freedom Sq., 0105  
Tel: 2935713; Fax: 2982276  
www.kpmg.ge

### PwC Georgia

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

### TBC Group

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

### UGT

17a Chavchavadze Ave., 7th floor  
Tel: 2220211; Fax: 2220206  
www.ugt.ge

## CORPORATE A MEMBERS

### Adjara Group Hospitality

14 M. Kostava St. 0108  
Tel: 2300099  
www.adjargroup.com

### Alliance LLC

6, K. Marjanishvili St., Batumi  
Tel: (995 422)270000  
www.alliancegroup.ge

### Alta LLC

Beliashvili St. 104, 0159  
Tel: 2510111  
www.alta.ge

### American Hospital

17 Ushangi Ckheidze St., 0102  
Tel: 551851101  
www.ahtbilisi.com

### Anaklia Development Consortium

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

### Avon Cosmetics Georgia LLC

37/39 Kostava St., Grato Business Center 7th Floor  
Tel: 2203175  
www.avon.com

### BAT/ T&R Distribution

2 Chirnakhuliani St., Samgori district  
Tel: 2157500/01/02; Fax: 2157503  
www.bat.com

### Budget Rent a Car - Otokoc Georgia LLC

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

### Caucasus University

1 Paata Saakadze St.  
Tel: 2377777  
www.cu.edu.ge

### Coca-Cola Company

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

### Colliers International Georgia LLC

1 Freedom Sq., 1 Tabidze, 2nd floor  
Tel: 2224477  
www.colliers.com

### Conformity Assessment International (CAI) LLC

7 Kipshidze St.  
Tel: 595690008  
www.ca.international

### Cushman & Wakefield Georgia

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

### DAI Global (Implementer of the USAID Economic Security)

7th Floor, 29 I. Chavchavadze Ave.  
Tel: 577465059  
www.dai.com

### Dasta Records Management

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

### Deloitte

King David Business Center  
15th floor, 12 Merab Aleksidze St.  
Tel: 2244566; Fax: 2244569  
www.deloitte.ge

### Dentons Georgia LLC

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

### Diplomat Georgia

10 Chantladze Turn, Orkhevi  
Tel: 2919293  
www.diplomat.ge

### Dressler Consulting

35 Besarion Jgenti St.  
Tel: +1-5169081444  
www.dresslerconsulting.com

### EY LLC

44 Kote Abkhazi St.  
Tel: 2158811; Fax: 2158822  
www.ey.com

### F H Bertling Georgia Ltd.

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

### Gazelle Finance Georgia LLC

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

### General Electric

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

### Geomedica Ltd.

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

### Georgian American University

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

### GMT Group

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

### Grant Thornton LLC

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

### Greco Group

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

### GT Group

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

### GULF Georgia by Sun Petroleum Georgia LLC

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

### Hilton Batumi

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

### Hilton Garden Inn Tbilisi Chavchavadze

64a Ilia Chavchavadze Avenue,  
Tbilisi 0162  
www.hilton.com

### Iberia Refreshments, JSC

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

### ICE Ltd.

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

### IT Consulting Georgia LLC

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

### Kavkaz Cement JSC

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

### KFC / Iberia Food Company

29 Chavchavadze Ave.  
Tel: 577043769  
www.facebook.com/KFCGeo

### Maersk Georgia LLC

12 Aleksidze St., King David Business Centre, fl. 5  
Tel: 248 66 70  
https://www.maersk.com/local-information/georgia

### Marriott Hotels, Resorts & Suites

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

■ **Mars Georgia LLC**

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

■ **Mastercard**

Gate 08, Floor 5, 37M Ilia  
Chavchavadze, Axis Towers, 0179  
Tel: 2900815  
www.mastercard.com

■ **Meridian Express**

15-17 Ketevan Tsamebuli Ave.0103  
Tel: 2745199  
www.ups.com

■ **Microsoft Georgia LLC**

Axis Towers, 37M Ilia Chavchavadze  
Ave., 5th floor, Terminal  
Tel: 2970123  
www.microsoft.com

■ **Mondelēz Georgia LLC**

4th Floor, BC "Avenue", 29  
Chavchavadze Ave., 0179  
Tel: 2200180  
www.mdlz.com

■ **Office Technologies-Steelcase  
Dealership**

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

■ **Optimal Digital**

35 Razmadze St.  
Tel: 595001889  
www.optimal.digital

■ **Oracle Nederland B.V.  
Representative office**

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

■ **Orient Logic Ltd.**

18 Bochora St.  
Tel: 2541818  
www.orient-logic.ge

■ **Pace International LLC**

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

■ **PepsiCo Wimm-Bill-Dann**

11 Andria Apaqidze St.  
Tel: 2611000  
www.wbd.ru

■ **Philip Morris Georgia**

Saarbruecken Sq., Moxy GMT  
Offices  
Tel: 2439003  
www.pmi.com

■ **ProCredit Bank**

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

■ **Radisson BLU Iveria Hotel**

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

■ **RE/MAX Capital**

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

■ **Sheraton Grand Tbilisi Metechi  
Palace Hotel**

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

■ **SICPA Security Solutions  
Georgia**

6 Akaki Bakradze St.  
Tel: 2434580  
www.sicpa.com

■ **Simetria LLC**

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

■ **Strada Motors/JEEP-Chrysler**

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

■ **T&K Restaurants (McDonald's  
Georgia)**

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

■ **TMC Global Professional  
Services**

4 Freedom Sq., 3rd floor, Suite 328  
Tel: 599379783  
www.tmcservices.com

■ **USAID Economic Governance  
Program**

5, Levan Mikeladze St., 0162  
Tel: 599585122

■ **Visa International Service  
Association**

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

■ **Wondernet Express Investment  
Group**

60 Gogebashvili St., Batumi  
Tel: 599112150

**CORPORATE B MEMBERS**

■ **ABM Ltd.**

Kavtaradze St. I Lane, #10  
Tel: 2112017  
www.abm.com.ge

■ **AE Solar LLC**

Lvovi Str. close 2, 13.  
Tel: 2300099  
www.ae-solar.com

■ **APM Terminals Poti**

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

■ **Aptos**

G. Amilakhvari St. 15  
Tel: 2920371  
www.aptos.ge

■ **Aversi Pharma**

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

■ **Baker Tilly Georgia Ltd.**

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

■ **Bank of Georgia**

29a Iuri Gagarin St.  
Tel: 2444282  
www.bog.com.ge

■ **Barmaglot Tbilisi LLC**

1 Galaktion Tabidze St.  
Tel: 551907070  
dostavkinbot.online/barmaglot.ge

■ **Basis Bank JSC**

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

■ **Batumi International Container  
Terminal**

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

■ **BDO LLC**

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

■ **BGI Legal**

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

■ **Biltmore Hotel Tbilisi**

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

■ **BLB Law Firm Business Legal  
Bureau**

18 Uznadze st, II floor, 0102  
Tel: 2995797  
www.blb.ge

■ **BLC Law Office**

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

■ **Caucasus Online LLC**

160 Tsinamdzghvishvili St.  
Tel: 2480000  
www.co.ge

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

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

■ **Château Mukhrani, J.S.C.**

6 Samgebro St.  
Tel: 2201878; Fax: 2201878;  
www.mukhrani.com

■ **CMC LLC**

33 I. Chavchavadze Ave.  
Tel: 2240717  
www.cmc.ge

■ **Crosscountry Georgia**

Floor 4, Entrance 1,  
29 Chavchavadze Ave.  
Tel: 790420015  
www.cross-cap.com

■ **Crowne Plaza Borjomi**

37 Rustaveli Ave.  
Tel: 995 367 220260  
www.cpborjomi.com

# AmCham Company Members as of April 2022

## ■ Crystal, MFO JSC

Expo Georgia, Tsereteli Ave.  
Tel: 431253343  
www.crystal.ge

## ■ Dio Ltd.

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

## ■ Domsons' Engineering & Construction

23 Polikarpe Kakabadze St.  
Tel: 2050303  
www.domsons.com

## ■ Duty Free Georgia

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

## ■ Efes Brewery in Georgia - Lomisi JSC

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