“Investing for Change” was the theme we chose for our 2015 Annual Meeting in Tbilisi.

Investment has been a force for positive change in Georgia, and Georgia has encouraged investors with its successful policies and reforms.

Ten years ago we launched our Early Transition Countries Initiative, which enabled us to boost our presence in Georgia.

Since then, we have often introduced innovative investment instruments here and then applied them in other countries in the EBRD regions.

In Georgia, and in all of the countries where we invest, we are working towards a stronger, more sustainable economic future by building resilience, promoting integration and addressing global economic challenges.

This is the strategy that will dominate our activities over the coming years.

SIR SUMA CHAKRABARTI ON INVESTING IN GEORGIA
youtu.be/01-8sRlwph8change.html
Think Georgia and you think of amazing landscapes, warm and hospitable people, fabulous food and great wine. Think Georgia and you realise just how far the country has come since the dark days of the early 1990s.

Georgia has undertaken significant changes to eradicate crime and corruption, to reform government administration and to adopt a framework to enable a market economy. These steps have made Georgia the top reformer compared to the CIS countries and the surrounding geographic region.

However, it remains a lower-middle income country with a population still yearning for stability, prosperity and opportunity.

To take the next step, Georgia can now launch a second wave of reforms by strengthening institutions, encouraging competition and adopting international best practices. The Association Agreement signed with the EU provides an excellent framework for these structural reforms – though the journey will require persistence and some sacrifice.

The EBRD has played a key role in Georgia. We have invested €2.6 billion since the early 1990s, one of the largest investments per capita in our countries of operations. We have supported the development of the banking sector, the renewable energy sector, and the growth of the private sector while encouraging foreign investments. We have complemented our financial support with technical assistance to strengthen the skills of small and medium-sized companies. Our policy dialogue initiatives include energy efficiency, digital broadcasting, concession laws and energy regulation. A much-needed platform for dialogue between the private and public sectors will be provided by the Investors Council, a joint initiative of the Georgian government and the EBRD in which business associations and international development partners will play an active role. Our strategy has been targeted – to develop the private sector, to strengthen energy independence and to develop further regional integration.

This brochure includes success stories – positive, encouraging stories of local business development. We hope these real examples of what businesses are able to achieve will strengthen the spirit of the private sector, inspiring and leading to new ideas. The EBRD stands ready to offer its knowledge and support to local and foreign investors.
OUR WORK IN GEORGIA

Enguri HPP
Enguri dam modernisation (page 6)

Zestafoni, Akhaltsikhe, Gardabani
Black Sea Transmission Line enables to sell Georgian hydropower to Turkey (page 7)

Poti
Poti sea port increases capacity (page 25)

Batumi
Over 80 new buses run on Batumi streets (page 25)

Tbilisi, Batumi
Modernised airports in Tbilisi and Batumi (page 25)

Investors like Radoslav Dudolenski are attracted to small hydro (page 8-9)

Georgian consultancy ACT expands abroad (page 23)
Quality wine from Kakheti, enjoyed from Finland to China (page 21)

Marneuli
Marneuli food factory is a boost to local farmers (page 16)

Kvareli
Milking global know-how: Kvareli Baga dairy farm (page 19)

IN NUMBERS

€2.6 bn
Total EBRD investment

91%
Private sector share of investment

SECTOR BREAKDOWN

€ million

1 Financial Institutions .................................. 64%
Bank equity ...................................................... €59 m
Bank lending ..................................................... €1600 m

2 Energy ........................................................ 21%
Hydropower generation ...................................... €312 m
Transmission .................................................... €81 m
Distribution ..................................................... €130 m
Extraction ......................................................... €21 m

3 Industry, Commerce and Agribusiness ........ 11%
Agribusiness .................................................... €139 m
Manufacturing and services ................................ €70 m
Property and tourism ........................................ €69 m
Equity funds ..................................................... €7 m

4 Infrastructure .............................................. 4%
Transport ......................................................... €74 m
Municipalities ................................................. €19 m
Energy without borders

Energy is the sector with the most buzz in Georgia today, and it is one of the priority areas for the EBRD in the country.

The energy story begins from the – literally – dark days of the 1990s when blackouts and energy shortages were the scourge of the economy, and the sector was piling up debt. Reforms of the 2000s started with emergency action – the rehabilitation of existing electricity generators which were beginning to fail after decades of neglect. And once that was done, says Mariam Valishvili, Deputy Minister of Energy, the government started looking ahead. “The major areas of reform were privatisation, introducing best practice in tenders, business operations, improving quality of service, customer relations and so on. Electricity generation and distribution were the first to be privatised; most generation is now in private hands. Better quality of service translated into more customer satisfaction and more willingness to pay the bills.”

From an energy importer, Georgia was first turned into a self-sufficient producer. Then, says Ms Valishvili, Georgia started looking at the regional energy markets and considering exporting hydropower. The EBRD came on board and worked closely with Georgia to focus on several issues such as supporting integration into the regional energy market, developing the renewable energy sector, cutting distribution losses and addressing seasonal supply volatility.

First, the EBRD co-financed, along with the government and other IFIs, the construction of the Black Sea Transmission Line. This enabled Georgian hydropower plants (HPPs) to export electricity to Turkey. The Bank also funded several medium-scale HPPs and financed the modernisation of existing large ones, such as Enguri which boasts one of the tallest dams in the world. The EBRD also helped Tanasi, the electricity distribution company serving the capital Tbilisi, to stabilise supply and cut losses. The Bank has recently financed a new transmission line, Jvari-Khorga, an extension of BSTL.

EBRD Managing Director for Energy and Natural Resources, Riccardo Puliti, states: “We believe the Georgian renewable energy sector still has a very large potential to develop, and we will continue working to realise this potential together with the government and the private sector.”

ENGURI DAM KEEPS THE POWER FLOWING
youtu.be/fxkOczHyROo
The Black Sea Energy Transmission Line is opening the way to the long-cherished dream of energy flowing freely across the borders of a wider Europe. The line, which runs between the east and west of Georgia and connects to the north-east of Turkey via a high-voltage substation, is one of the largest infrastructure projects in Georgia in decades, and a major investment by the EBRD, the European Investment Bank (EIB), the German development bank KfW, and the country’s government.

The 315 km high-voltage line – the first major interconnector between the Caucasus grid and the Western grid – enabled cross-border trade, improved the reliability of power supply, strengthened regional energy security and brought unprecedented investment into the renewable energy industry.

Thanks to the opening of the Turkish market with its higher wholesale prices, coupled with the wealth of Georgia’s hydropower resources, a great number of private sector investors, big and small, started building new hydropower plants in Georgia (page 8). Many of them have been co-financed by the EBRD, the largest renewable energy investor in its region.

"WE ENJOY STRONG SUPPORT FROM THE GOVERNMENT WHICH IS EVERY INVESTOR’S DREAM"

The first of these plants to come on-stream, the 87 MW Paravani HPP, was built by the Turkish Anadolu Group with the help of US$ 68.5 million of financing arranged by the EBRD and came on-stream at the end of 2014. The CEO of Anadolu in Georgia, Murat Küçük, says: “The launch of Paravani gave a strong signal to foreign investors, especially in Turkey. We enjoy very strong support from the government which is of course every investor’s dream!”

Another hydropower plant, the award-winning 108 MW Dariali HPP for which the EBRD arranged a syndicated loan of US$ 80 million, was the first infrastructure project in Georgia to be structured as a private-public partnership. The CEO of Dariali Energy, the Georgian investor Zurab Alavidze, says: “We created a successful model which can be used for any infrastructure project that involves investors, IFIs and the government.” The success story is only the beginning, he adds. “As we generate more power we will need more connecting lines with Turkey and other neighbours. We are talking about big investments, billions of dollars.”

In 2015, a 187 MW Shuakhevi HPP was lent a total of US$ 250 million by the IFC, ADB and the EBRD. The largest ever private hydro investment in Georgia, it is a joint venture between India’s Tata Power, Norway’s Clean Energy Invest and the IFC.

From Moldova where work has already started on a similar line, to the Baltic states which intend to synchronise their grids with the EU, the Black Sea Transmission Line will serve as a blueprint for a more secure and open energy market.
Radoslav Dudolenski
Executive Officer, Hydrolea

I am Bulgarian, and our energy sector back home is relatively hi-tech and liberalised.

So when I came to Georgia at the end of 2006 to take part in the creation and management of a key energy company and a year later began running the firm, becoming an investor in Georgian energy was the last thing on my mind.

The sector needed to be further stabilised. There had been almost no investment for decades and blackouts were commonplace due to technical failures or lack of any maintenance. There were a lot of regions where almost nobody wanted to pay for the energy they consumed and exports were practically impossible due to a lack of reliable infrastructure and policies.

But soon reforms started. Generation and distribution were privatised, losses significantly cut, payments collected. Tariffs were also raised but not significantly. This reduction in losses quickly led to increased consumption. Blackouts started disappearing, and investors started to take an interest in the sector.

And in my life, which was spent between Tbilisi and Bulgaria where my wife and three children lived, it was time to make a choice: to tie my destiny to Georgia or to go back home. My family and I chose Georgia, and the children are growing up thinking Tbilisi is their home and my little son claims that it is the best city in the world.

Now settled firmly in Georgia, I soon felt ready to start my own business, developing small-scale hydropower plants. The Black Sea Transmission line which would enable electricity exports was nearing completion. So my new company obtained US$ 3.6 million financing from the EBRD, and we set to work.

In 2014, we commissioned our first HPP, 9.5 MW Akhmeta (by now we are running two HPPs with 11.5 MW capacity) in the Kakheti region, famous for its wine.

An 80-year old local engineer once said that people had been trying to find a good spot for hydro in the area for decades, and we managed to find it quickly first on Google Earth!

It runs off a Soviet-built irrigation canal, connected to the Alazani and Ilto rivers, so as not to disrupt the environment. In fact, you wouldn’t even know there is a hydropower plant inside its smallish building;

As an investor, I see new horizons

Enlightened by the progress of the past ten years, I have launched a series of new projects, including developing a new hydropower plant, expanding the Black Sea Transmission line, and exploring the potential for wind energy.

Estimates say that Georgia has one of the largest potentials for hydropower in the world. As the largest renewables investor in the region, the EBRD has a lot of experience structuring and financing projects in the country, both greenfield and brownfield. In fact we were instrumental in producing the first project financing structure for hydropower energy generation which enabled private investors to come to the sector.

Certainly there are a number of challenges – for example, the regulatory regime is still evolving, while investors like predictability and stability. However, our own experience and the experience of our clients has shown that the government in general and key sector counterparts in Georgian public entities (the Ministry of Energy, state-owned companies and the regulator, GNERC), in particular, are very supportive of investment in the sector and responsive to investors’ concerns. Together with other IFIs and international donors, the EBRD is actively involved in policy dialogue with the government and the electricity regulator, to restructure the energy sector and develop the appropriate regulatory framework.

Today, we are also beginning to explore the country’s wind potential. Wind is abundant in Georgia and provides clean, renewable energy. The next task is to establish how to make wind power commercially viable in Georgia. The Ministry of Energy and the Georgian Energy Development Fund - an entity established with the primary purpose of facilitating investment in, and development of, the country’s renewable energy sector - are very enthusiastic about developing the country’s first wind park near Gori.

Georgia’s ambitious goal to become a regional energy hub seemed unachievable just a decade ago but it is now becoming a reality. The EBRD is proud to have been one of the key contributors to achieving this goal.

Clean energy is good business

David Managadze
Principal Banker, Power and Energy, EBRD

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the surrounding vineyards keep growing happily.

Today we sell most of the electricity on the domestic market but have already started exporting to Turkey and also from time to time to Armenia. Now we have commissioned another small-scale hydropower plant nearby, also financed by the EBRD, and have plans for a couple more.

My home country, Bulgaria, has been able to overcome a lot since the 1990s, and I hope for the same for Georgia.

I want to see rising incomes. As an electricity producer, I want people to have no worries about paying for electricity.

Thanks to our HPPs, we created hundreds of jobs during construction and then about 20 permanent jobs to operate the plants. These are jobs that have never existed before!

And, while it is great to be able to export electricity to Turkey, the domestic market in Georgia also needs to develop in line with the overall economy.

If I may voice a personal wish, it is for more acknowledgment for all those who create something, however small, where previously there was nothing.

“MY FAMILY AND I CHOSE GEORGIA, AND THE CHILDREN ARE GROWING UP THINKING TIBILSI IS THE BEST CITY IN THE WORLD.”

Saving energy with EBRD credit lines

Saving energy in Georgia is a question not only of environmental and energy security, but also of competitiveness: the country is still 50 per cent more energy-intense than its trading partners in Europe.

This is where the EBRD’s Caucasus Energy Efficiency Programme comes in: it provides credit lines totaling US$ 125 million to local partner banks who then on-lend the funds to help companies and private households make sustainable energy investments.

One of the beneficiaries is Iceberg Poti, a small business providing refrigerated storage of fish, meats and fruit to commercial clients shipping goods through the busy hub of Poti port. With EBRD financing, the company bought new, efficient refrigerators and now saves over US$ 100,000 a year in energy bills.

Homeowners can also apply for loans with one of the partner banks. Ketevan Barabadze moved house together with her husband a year ago. The property needed a complete overhaul. “We took out a loan to buy energy efficient systems and appliances – we installed central heating and bought a new refrigerator and gas stove,” she said. “This means that we can save 700-800 lari (around €350) per year.”

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If I may voice a personal wish, it is for more acknowledgment for all those who create something, however small, where previously there was nothing.
A healthy financial sector is the foundation for any modern economy. The EBRD has supported the financial sector in Georgia from the very start of its operations in the country, and stood by its partners in difficult times, such as the global financial crisis and the war of 2008.

The Bank has provided investments in debt and equity, backed up by its help to promote wide-ranging financial reforms in the industry.

“When gun fire started and phone calls from overseas dried up, the EBRD was the one financial institution that immediately offered us their support,” says Giorgi Kvirikashvili, the Minister of Economy and Sustainable Development.

Today, the EBRD continues working closely with partner banks and non-bank financial institutions to improve access to financing for businesses, especially SMEs.

We are also increasing our longer-term local currency lending and expanding our non-bank financial activities, such as leasing, insurance and pension funds.

One of the most successful ways we channel financing to Georgian companies is through dedicated credit lines, where our partner banks distribute funds to businesses through their branches. These credit lines are the Georgian Agriculture Financing Facility, the Mid-Sized Co-Financing Facility, the Caucasus Energy Efficiency Programme, and we are working on a credit line for women entrepreneurs.
Make haste slowly

Creating a healthy banking system step by step

Giorgi Kadagidze
Governor, National Bank of Georgia

When you pursue sound policies during the good times, it is easier to deal with the bad times.

After the 2008 war and financial crisis, the international community including the EBRD came to Georgia’s aid with a pledge of US $4.55 billion.

But unlike in many other countries, Georgia’s banking system never stopped lending to businesses, rebounded strongly, and growth returned very quickly.

In large part this was because our financial system has been and remains very well capitalised and regulated - yet it is also one of the most liberalised in the world.

When we started rebuilding the banking sector, we had to move quickly: but quickly did not mean hastily.

In 2009 we started with the development of the money market - building up the interbank and FX market and launching swaps and forward transactions. In the early 2010s, we strengthened the legal and regulatory framework and adopted a very conservative approach to bank capitalisation, well before the Basel II and III accords on banking supervision.

2009 saw the introduction of government bonds tradeable on Bloomberg and demonstrated the ability of Georgia to raise money on international markets. The EBRD played the role of a pioneer in bond issuance.

We strengthened our domestic banks, and the two largest banks – half of the banking system - were listed on the London Stock Exchange in partnership with the EBRD, in 2012 and 2014.

A very important step forward was the first issue of lari-denominated bonds by the EBRD in 2014. We worked closely with the EBRD to clear all the legislative hurdles in the process, including amendments to the Tax Code and changes in Central Bank regulations.

The fundamentals are already in place. What we need now is “second generation reform”

We have a clear plan for the future. The next step for us is to launch bond issues in the corporate sector. As soon as there is a critical mass of companies issuing bonds, we shall work on the development of a private secondary market to which liquidity will be added gradually. In time, a pension reform will be carried out and we will be ready to develop equity markets. This is the right way to go about it – step by step, in the right order.

But reforming the banking sector is not enough. A central bank cannot be successful if the economy is not successful. After the break-up of the USSR, Georgia lost 70 per cent of its GDP – one of the steepest losses anywhere in the world – and was overrun with corruption, criminality, bureaucracy and everything that makes a failed state a failed state. Today, we are a success story. But Georgia is still a lower-middle income country. The next decade should be dedicated to becoming a middle-income country.

The fundamentals are already in place. What we need now is “second generation reform”. We need to increase know-how in the real sector and produce goods and services that are competitive with those in developed countries.

There are already a number of success stories. Take the tourism industry: in 2006 the numbers were so small that we were not even counting revenues in the balance of payments. Today, we receive 5 million visitors a year and tourism is one of our largest sectors and sources of revenue.

Everything is doable and possible: we only need hard work and no compromise in our determination to reform.
Bank of Georgia

Bank of Georgia is the country’s largest bank by assets, is listed on the London Stock Exchange and is on the FTSE 250 index. Originally founded in 1903 and nationalised by the Soviets, it was re-privatised in 1994 when it was given its current name, Bank of Georgia.

Bank of Georgia has been working with the EBRD since 1995. “Access to finance in the 1990s was critical, and the EBRD provided that”, says Murtaz Kikoria, Deputy CEO for Finance. “But what the EBRD also brought to the whole sector, not just to Bank of Georgia, was technical assistance and support in establishing the very notions of corporate governance structures and risk management.” Murtaz speaks about the prominent EBRD role in the sector from more than one perspective.

Before joining Bank of Georgia, he held two other significant jobs – one as a banking regulator, and another at the EBRD itself. “The big turnaround in Bank of Georgia happened in 2004-2005 when a new management team, fully backed and supported by the EBRD, came to the Bank. Three people from the EBRD itself joined the Bank – the CEO, Irakli Gilauri, and his two deputies, including myself. This was a huge change not only for Bank of Georgia but for the whole sector.”

EBRD’s financing package was provided to Bank of Georgia, and in 2012 it was converted into a 5 per cent equity stake.

In September 2014, the EBRD sold its entire holding in Bank of Georgia. Today, the two banks partner to provide finance to local businesses through credit lines for corporates, SMEs, agriculture, energy efficiency, through trade finance facilities and innovative services like factoring. “Through the years we have provided close to US$ 1 billion to our clients with the EBRD’s help. EBRD credit lines really bring discipline not only to banks but to sub-borrowers too: companies need to improve their financial reporting, accounting and corporate governance,” says Murtaz.

Bank of Georgia does have experience of working in other countries in the region, but for now its expansion plans are firmly linked to the homeland. “There is enough business in Georgia,” says Murtaz. “We invest in healthcare and insurance, and we know investment is needed in sectors like tourism, energy, transport and logistics. We are experts in investing in Georgia, we know the country very well and we believe it has a lot of promise.”

TBC Bank

TBC Bank was established from scratch in 1992, with initial capital of US$ 500. The founders, Mamuka Khazaradze and Badri Japaridze saw in Georgia’s newly independent economy great opportunities for the future. Today, Mamuka and Badri are Chairman and Deputy Chairman of the Bank’s Supervisory Board; the London-listed TBC is the market leader

Raising the potential of the country’s banks

Irakli Mekvabishvili,
EBRD Senior Banker, Financial Institutions, Central Asia, Caucasus and Mongolia

The EBRD is continuing to help an already sound banking industry become even more effective.

Dollarisation is one of the main challenges. Moves by the central bank have helped bring the level of dollarisation down from around 75 per cent in 2008–09. However, at about 60 per cent, it is still high enough to expose the banks and their customers to foreign currency risks.

The EBRD has helped to deal with these concerns, providing local currency credit lines
in retail and SME banking, and every third Georgian citizen has a deposit in the Bank.

TBC has a long and successful history of partnering with IFIs. The Bank joined the EBRD Trade Facilitation Programme in 1998, which started a long-standing history of cooperation between the two organisations.

Giorgi Shagidze, TBC’s CFO, believes that IFIs have played a crucial role in the Georgian banking sector, not only providing equity and funding through the years, but also helping to improve corporate governance and providing access to best practices.

“We started working with the EBRD in 1998. In 2000 IFC and DEG, the German development agency, were the first IFIs to take equity stake in TBC Bank. The EBRD and the Dutch development bank FMO also became shareholders in 2009.” TBC Bank was also one of the banks that benefited from IFI support post-2008, adds Giorgi.

In 2014, TBC achieved another milestone by completing the largest initial public offering by any Georgian company and listing its shares on the London Stock Exchange, in partnership with the EBRD.

Most recently, TBC was a lead arranger of the landmark GEL 50 million EBRD bonds, the first ever lari issuance by an IFI in Georgia.

The banking system today is resilient and successful, but the EBRD and other international financial institutions continue to add considerable value, Giorgi says. “Some of our clients still need nurturing before they have access to financing on strictly commercial terms and the EBRD offers special products that provide big value for them. These include dedicated lari credit lines that help us to disburse loans in local currency to agricultural companies.”

The growth strategy of TBC is focused on Georgia itself. “The starting point in the Georgian economy was very low. The country needs more time and more reform, and of course there are challenges like high dollarisation. But we see a lot of room for growth in Georgia, as people make more use of banking services, and we are very well positioned to capture these growth opportunities.”

to PFIs, issuing first-ever lari-denominated bonds and working with the authorities to develop local capital markets.

A relatively weak structural liquidity profile, resulting from banks’ reliance on short-term funding, is another important challenge. The EBRD and other IFIs are addressing this challenge by providing longer-term financing.

Despite the risks and challenges the outlook is positive. The entering into force of the Deep and Comprehensive Free Trade Area (DCFTA), as part of the Association Agreement with the EU signed in June 2014, has improved the economic outlook for Georgia.

Further consolidation of the banking sector, whether regulator-induced or sector-driven, would enhance its strength and structure and make it more resilient to external vulnerabilities. The consolidation may also provide another opportunity for investors.
The spirit of enterprise

Private sector companies account for the vast majority of EBRD investment in Georgia. The Bank sees supporting private entrepreneurs as one of its strategic priorities in the country – as elsewhere in the region.

Private investors can thrive in a good investment climate; Georgia’s is considered the best in the region and indeed one of the best in the world, according to the World Bank’s Doing Business rankings. Many sectors, notably most of the energy generation, have been privatised and are attracting investors. But more needs to be done to stimulate the flow of investment – especially strategic FDI - to sectors outside of energy. More projects like Geosteel’s new steel mill outside of Tbilisi – one of the largest foreign direct investments in Georgia, supported by the EBRD – are needed in manufacturing, services and agribusiness.

EBRD Managing Director for Eastern Europe and the Caucasus, Francis Malige, says: “Georgia has entrepreneurial talent aplenty, which means that there is great scope for more private investment in the economy. The good investment climate is a significant achievement; it makes it very simple, for example, to create a company. There are, however, further steps in terms of reform that could really take the economy forward.”

Having private sector support as one of its priorities in Georgia, the EBRD is working to increase access to finance to local enterprises, providing debt and equity directly to corporates, financing SMEs indirectly via credit lines to local partner banks, and providing expertise and technical assistance.

“Over 90 per cent of total EBRD investment in Georgia is in the private sector; we stand by our clients to support their development and we are always ready to work with new private sector partners that meet our criteria,” adds Francis Malige.
Modernising family shopping

From gas to groceries

Dr Soso Pkhakadze
President, Wissol Group

I co-own and run several successful companies which are part of Wissol Group. We expanded two of the companies, Wissol Petroleum and the Smart Retail supermarket chain, with the help of EBRD financing (up to US$ 70 million for Wissol and US$ 13 million for Smart).

Our 14 Smart supermarkets are an absolute favourite with Georgian families looking for a quality retail experience, and for a very good reason. We offer something that is taken for granted in the west but which is brand new here: a place where you go shopping for high-quality groceries while the kids are having fun in the playground, and where you can then have a meal and treat everybody to a donut afterwards.

Our top-of-the-range supermarkets are always alongside a Wendy’s fast food outlet, and they are now being joined by Dunkin’ Donuts restaurants.

At most of our shopping centres you can also top up the car at a Wissol filling station.

The group started in the early 1990s with the creation of Wissol Petroleum and our first links with the EBRD were when we took up a loan through a credit line for medium-sized enterprises. As Wissol grew, so did our cooperation. In 2014 the first syndicated loan for any Georgian company was arranged for Wissol Petroleum by the EBRD, together with FMO, the Dutch development bank.

Our business philosophy focuses on synergy, with cakes for the supermarket and donuts all coming out of one bakery. We are successful, with strong revenues and expansion plans.

At the very heart of our strategy is the satisfaction of our customers. We have some of the most sophisticated laboratories in the country to test all our products, and our customers know they can trust us.

Our group also believes in sustainability, from cutting waste to switching to cleaner technologies, and we can see the benefits in our own business results.

Wissol started building natural gas filling stations back in 2006, when virtually all cars in Georgia ran on conventional petrol. Today, about one quarter of Georgian cars run on natural gas: it is more environmentally friendly than petrol and cheaper, even with the current lower oil prices. We have 16 gas filling stations at present.

WE BELIEVE THAT MORE QUALITY PRODUCTS WE SELL SHOULD BE MADE IN GEORGIA

And we also believe that more quality products we sell should be made in Georgia.

Import substitution is an important priority for the government, and we couldn’t agree more. Today, most of our groceries are still imported from Germany and other countries, but 85 per cent of fresh fruit and vegetables are locally grown.

We make about 200 products in our bakeries, including bread, pies and cakes, and buns for burgers. And several months ago, we started making the famous Frosty ice cream for our Wendy’s restaurants right here in Georgia, from Georgian produce.
Western productivity, Geo

Marneuli Food Factory is using EBRD financing and expert advice to turbocharge productivity and provide more Georgian-grown food for Georgian families

Irina Gaprindashvili
Director, Marneuli Food Factory

Everybody loves Georgian food, but most people do not realise how much of it Georgia imports.

Economists may say that agriculture in Georgia is a promising industry. Very few people would actually start up a new farming venture from scratch.

But in Georgia you do often have to start from scratch because what was left over from the old Soviet days is in ruins.

We did just that. We created something from nothing – not only our company but the whole country. And when I look at what we have achieved, and taste our lovely traditional sauces, pickles and marmalades made of the best Georgian fruit and vegetables, I know it’s all been worth it.

Marneuli Food Factory, has provided a major boost to the local farmers

Our company, Marneuli Food Factory, is today one of the largest agricultural companies in Georgia and owns over 1000 hectares (ha) of land. We produce over 60 products, from tomato paste to our traditional sauces Adjika and Tkemali, entirely out of Georgian fruit and vegetables: half of these we grow ourselves and half we buy from local suppliers.

Marneuli Food Factory was founded in 2007, within a holding, Magrebeli JSC, which was itself established in 1997. The holding also produces the famous mineral waters Nabeglavi and Bakhmaro and includes an agricultural company Marneuli Agro and distribution company Engadi.

We have been growing very strongly every year, with the help of EBRD financing which allowed us to buy new equipment, increase production and improve crop productivity. Today we supply about 45 per cent of the domestic pickles market and about one third of tomato paste.

But the market can absorb so much more local food. Take traditional pickles. Do they really have to come from Vietnam? That is one of the imports we want to replace, and we have the capacity to triple production.

Our main problem is the supply of raw materials. One of the biggest issues we encountered was the low productivity of Georgian agriculture. For example, the average Georgian farm produces 20 tonnes of tomatoes per hectare, while in Europe and Turkey it is 90, and in the USA up to 120 tonnes. This is one of the areas where the EBRD’s assistance was instrumental.

With the Bank’s help, we invited agronomists from all over the world – Australia, Turkey, Switzerland, Germany – and tried to adapt their approach to Georgian conditions, while not compromising on our high-quality and environmental standards. As a result, we increased our yield of tomatoes to 70 tonnes/ha and our cucumbers, which started at 12 tonnes/ha, are now at 60 – but we want to aim for Germany’s harvest of 120 tonnes!
The factory on the outskirts of Tbilisi is very busy and very efficient. On floor after floor, shelves, kitchens, sofas, mattresses under the well-known Embawood brand are made, tested, boxed and shipped off. Embawood originated in Azerbaijan, but its affordable flat-pack furniture is also made in Georgia and Ukraine, Russia and Kazakhstan. There are seven factories in total, two of which are in Georgia, and over 250 brand stores employ over a thousand people.

“Furniture is best made close to the people who are going to buy it, and customers in different countries have different tastes. For example, only in Georgia do we make high-gloss furniture which is liked here”, says Elshad Abbasov, the company’s founder and general director. “Also transporting furniture is expensive, and we want to keep costs as low as possible so more families can choose our affordable but stylish furniture.”

The products have even found admirers outside the region. Elshad Abbasov says: “I am very proud of our latest furniture collection put together by a German designer. We took it to an exhibition in western Europe and received interest from buyers in several countries, from Italy to India, and even from as far as New Zealand!”

Embawood has grown very fast, not only because it offers similar products in the region unserved by Ikea, but also because it takes into account every customer’s need. “We offer a guarantee on our furniture including mattresses,” says Romeo Shvelidze, the director of the Tbilisi furniture factory. “But we also know that accidents happen, so we offer a cheap service to refurbish mattresses where damage is not covered by the guarantee. It is very popular.”

The EBRD has supported Embawood in two ways: as a lender, providing financing both in Azerbaijan and in Georgia, and also through the Bank’s Small Business Support team, which for the last 15 years has assisted the company with technical cooperation and consultancy services.

Embawood furniture is conquering the region

I am also very proud that the existence of Marneuli Food Factory has provided a major boost to local farmers. In 2007, when we started, there were just a couple of small farmers whose produce we could buy. Today, there are over 150. All our fruit and over one half of the vegetables are grown by small farmers. However we need much more supply, not only from small farmers but also from larger suppliers who can deliver industrial quantities of goods. Those suppliers don’t exist at the moment and much still needs to be done for investors to really feel secure entering the sector. But the investment climate is improving, so I hope to see more agricultural companies come to the market in Georgia and work with us.
One overwhelming theme spreads across the whole region of EBRD operations: the need for innovation. Crucial for the future economic well-being of each and every one of these countries, innovation is also a lucrative opportunity for investors.

In many countries challenging business environments are a deterrent to innovation - in fact innovative companies are particularly sensitive to obstacles to doing business. Georgia - the top-rated transition country in the World Bank’s 2015 Doing Business ranking - stands out in this respect. Georgia also has an underserved domestic market and large EU and CIS markets at its doorstep. And it is the country’s low-tech sectors, such as primary agriculture and food processing, and not only hi-tech sectors, that offer the most fertile ground for investment in innovation.

Low productivity is a curse of many industries in Georgia, as it is indeed in the wider EBRD region. The latest EBRD/World Bank’s Business Environment and Enterprise Performance Survey (BEEPS) shows that companies in Georgia are much less productive than those in innovation leaders, such as Israel (see graph).

While productivity in Georgia is fairly similar to that in the CIS, where the majority of Georgian exports go, the BEEPS shows that in terms of innovation (introducing new products, processes and technologies), Georgian companies actually lag even behind most CIS countries.

This is an opportunity not just for domestic but also for foreign strategic and financial investors. Even a relatively small-scale innovation introducing well-established technologies into a sector can boost productivity.

Agriculture is a good example. There is room for improving farm management and processes, for example the use of fertilisers, use of more advanced farming techniques, and investing in better hardware. There is also the possibility to adopt more modern technologies, typically associated with social networks. Georgian farms could benefit, for example, from sensor-based solutions for herd management or for agricultural irrigation systems.

The EBRD for its part has supported the sector with a successful Georgian Agriculture Financing Facility. It helps local banks offer local currency financing to farmers, provides first-loss risk cover and has introduced other innovative approaches such as cooperative finance schemes.

Georgian agriculture has a way to go before its cows go digital. But massive improvements of productivity, such as those achieved by companies described in this brochure, demonstrate how innovative investors are already transforming the sector.
Kakheti is almost entirely covered by vineyards: it is Georgia’s most famous wine region.

Georgians don’t only want to drink wine, however. Georgian families want fresh, high-quality milk, not made out of imported reconstituted powder. But only one tenth of milk sold in shops is domestically produced.

On Kakheti’s steep hills, where even vines won’t climb, there are plenty of small local cows looking for sustenance. They produce both meat and milk, but not much of either.

It took a local property entrepreneur, Lasha Papashvili, to see this challenge as a business opportunity. Lasha knew little about dairy production to begin with, but he did know how to start a successful business. He researched the sector, took out a US$ 1.3 million loan from the EBRD, brought in the best experts from Switzerland, Israel and beyond, and got a leading global supplier DeLaval to design the farm outside of the town of Kvareli, 140 km east of Tbilisi. Then Lasha brought 136 Holstein heifers from Germany. The new farm, Kvareli Baga, now has almost 380 cows and is the largest producer of milk in the country.

Lasha says: “It was pure business. My interest is to improve this part of the economy: agriculture, and especially dairy farming where there is high demand. There is great potential in agribusiness in Georgia.”

Lasha’s big-eyed cows must be the largest and the most productive in Georgia, giving an average of 27 litres of milk a day. “There is even one cow that gives 70 litres a day,” says a milking specialist, a young local guy in charge of the farm’s sophisticated equipment. The farm was expected to produce about 9,000 litres of milk per day in April and is steadily increasing its output. But the main thing that strikes a visitor to the farm is the standards of animal welfare and hygiene. The cows graze in open-air enclosures overlooking the mountains, and the quality of milk is tested on the spot at every milking (which happens three times a day, following best practice from the USA and Israel).

Meanwhile, Lasha Papashvili is considering his next steps in dairy farming and other sectors and looking for continued support from the Bank.

“It was very important that the EBRD took a risk with us to build this kind of business in Georgia – and I hope they will be there as we expand,” he says.
SMEs

Supporting small and medium-sized enterprises (SMEs) is at the heart of the EBRD’s philosophy everywhere. It is especially true in Georgia where the Bank runs several special programmes for SME financing, worth billions of euros, in partnership with local banks, and has provided over 800 companies with expert advice from consultants.

“We have recently launched our Small Business Initiative, a strategic initiative integrating the tools the EBRD offers to support small businesses. We provide loans and investment via local financial institutions, we offer risk-sharing facilities and we finance small businesses directly. But we don’t stop there. We also provide small businesses with advice to help them innovate and grow,” says Claudio Viezzoli, EBRD Managing Director for SME Finance and Development.

“Some of the EBRD’s innovative instruments to help SMEs, such as risk-sharing products with local partner banks for SME lending, were pioneered in Georgia. They were made possible by donor support for the EBRD’s Early Transition Countries Initiative,” says Chris Clubb, EBRD Director for the Early Transition Countries Initiative.

Donors also co-fund direct investment facilities which enable the EBRD to invest into smaller companies directly.

In parallel with bank financing, the EBRD runs a Small Business Support (SBS) team which helps companies access know-

Successful SMEs, healthy economy

SOME EBRD INSTRUMENTS FOR SMES WERE PIONEERED IN GEORGIA

how and expert advice from domestic and international consultants. The team identifies dynamic, promising companies, both in urban centres and in remote areas, and provides the support and advice they need to develop and expand their business. SBS cooperation often leads to full-scale EBRD investment.
Women in Business in Georgia

Driving women’s entrepreneurship

Charlotte Ruhe
Director, EBRD Small Business Support

In Georgia, the women I have met are entrepreneurial and enthusiastic, with strong business acumen. Why then is the EBRD launching a programme for Women in Business in the country this year?

Women entrepreneurs here face many of the same challenges as women across the countries where the EBRD invests, most notably constraints in accessing the finance and the know-how they need to grow their businesses.

The EBRD Women in Business Programme addresses these issues. It is a regional programme that will cover Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, made possible thanks to donor funding from Sweden, the European Union’s Neighbourhood Investment Facility and the Early Transition Countries Fund of the EBRD.

We will work closely with local banks to provide targeted financing products, responding to the needs of women-led businesses, which tend to be smaller than their male counterparts and operate in lower value-added sectors.

We help banks understand that enterprises run or owned by women represent a great business opportunity and are a commercial sector with huge potential: international experience shows that women have fewer non-performing loans, are more likely to access multiple products from one bank, and in general show a high degree of loyalty.

We also work with women-led businesses directly, providing advisory services, mentoring, networking and training in core entrepreneurial skills to help their businesses grow.

It is not just a question of promoting equality but also a question of economics. The EBRD helps local banks adapt their products to better serve their women clients and seize the opportunity arising from the worldwide, multi-billion dollar women’s banking market.

Quality certification

for quality wine

Koba Kharkheli
Financial Director, Kakhetian Traditional Winemaking

We are in the best line of business in Georgia: our company makes quality wine.

We employ about 220 workers, buy 4 million kilos of grapes a year from about 1000 small farmers in the Kakheti region and had sales of over US$ 28 million in 2014 – an increase of US$ 3 million in the year despite a sharp drop in exports to our main market, Ukraine. Our wine is loved and popular in countries which already have the taste for Georgian wine, but our geographic spread is very broad, and we sell in markets as varied as Norway, China and Thailand, where customers love our house wines in clay jars.

But we also want to diversify our products. Apart from wines and spirits, we are opening two new factories which will make jam, sauces and other canned products. We hope to export those products, so they will need to be top quality.

The EBRD helped us obtain an international quality certificate, ISO 22000, by providing consultants and meeting part of the cost. Having this certification is crucial for us as we seek to enter new markets, especially with our canned jams and sauces. But it also shows our existing clients that we take quality seriously.

Our next step is tourism. Others may also claim this crown, but we believe that wine was invented right here in Georgia thousands of years ago. This history of winemaking in our country is a perfect basis for our expansion into the tourism industry.

We have already opened a Museum of Wine in Mtskheta, the capital of Kartli region and one of the most ancient cities in the world. Now we want to open a hotel and a wine tasting salon near our vineyards in the Kakheti region. For this, we need financing, and for that, we may need the EBRD!

TEAMANIA: IT TAKES STRONG WOMEN TO MAKE STRONG TEA
youtu.be/RA91kCq8eNc

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TEAMANIA: IT TAKES STRONG WOMEN TO MAKE STRONG TEA
youtu.be/RA91kCq8eNc
Capitalising on crossroads

One of the EBRD’s priorities in Georgia is to support the country’s regional and global economic integration.

Georgia is located between Europe and Asia, at the crossroads of ancient trade routes. Today, the country is eager again to take advantage of its strategic location. This is already happening in the energy sector. The first major breakthrough came with the Baku-Tbilisi-Ceyhan oil pipeline, co-financed by the EBRD, which for the first time connected the energy-rich Caspian region with Turkey and Europe. More recently, another successful cross-border project, the EBRD-supported Black Sea Transmission Line, enabled electricity exports to Turkey.

Georgia’s new enhanced relationship with the EU and its traditional links with Asia highlight its great potential as a regional trade and transit hub. “As a champion for economic reform in the region, Georgia should be the destination of choice for FDI as investors understand the significant potential of the country and its strategic transit location,” says Olivier Descamps, EBRD Managing Director, Countries of Operations.

At the same time, Georgia’s domestic market is relatively small, and ambitious companies need access to other markets in the region to expand.

STRATEGIC TRANSIT LOCATION AND LEADERSHIP IN REFORM SHOULD ATTRACT FDI

To support the country’s regional integration, the EBRD finances projects in infrastructure, logistics, telecommunications and the financial sector that promote cross-border economic activities, and supports opportunities for skills transfer.

Regional trade is key for integration: as of March 2015, the EBRD’s award winning Trade Facilitation Programme has supported €1.2 billion worth of trade between Georgian companies and their overseas counterparts.
Putting ancient roads back at the heart of global trade

Alexander Kharlamov
General Manager, Gebrüder Weiss

With about 6,000 employees and 150 company-owned locations, Gebrüder Weiss is one of the leading transport and logistics companies in Europe. Today Gebrüder Weiss is the largest provider of logistics and transportation services in the Caucasus, and we are trying to put the Silk Road back on the global trade map, with Georgia at its heart.

We have been providing transportation services here since 2012. In 2013 we constructed a logistics centre outside of Tbilisi, financed by the EBRD, and started offering transport logistics services.

We transport from Europe all kinds of dry goods, cars, textiles and appliances. We ship back mineral water, wine and other agricultural produce. We work with all of Georgia’s trading partners, from Germany and Austria to Turkey, and we also use our Tbilisi logistics centre to deliver goods to Armenia.

As a specialist, I can see the massive transit potential of Georgia.

The country’s geopolitical importance was well understood by leaders of various regional empires. Georgia is a gateway to the Caspian and beyond: the route via Georgia and then Kazakhstan is the shortest way from Europe to China. Georgia can and should become a trans-Caucasian hub in terms of transportation and logistics. Local mentality is also an asset: Georgians know how to do business both with Europeans and with Asians.

Gebrüder Weiss is a pioneer in the sector as the first major player in the region. But we would be happy to see more competitors coming to the market. It sounds counterintuitive but it would help us to shape the market more after a European model, to help companies see that outsourcing to specialists makes much better business sense.

To fully benefit from its position, though, Georgia should develop its own exports. Georgian industries need to adopt the EU’s higher standardisation and certification requirements.

But the EU also needs to be more open to Georgian goods, particularly foods, which already deserve a place on the tables of Europe.

Marketing research without borders

Tinatin Rukhadze
General Director, ACT Global

ACT Global, the marketing research company, has offices in three countries and operates in over 10 countries. We had international ambitions from the very start.

The company was established in 2002 by four friends including myself. We started with one office in Georgia, then opened one in Baku in 2010 and another in Kazakhstan in 2014.

We started providing quantitative and qualitative marketing research, based on focus groups, interviews, “mystery shopping” when a researcher shops anonymously, and other techniques. Soon, many companies realised what a great tool this was.

Our original clients have expanded dramatically over the last decade. Look at companies like Wissol (page 15), or Borjomi water which now exports to 26 countries.

We grew too, and in 2008 we became the leading marketing research company in the country. But the Georgian market is small. So we started looking elsewhere! For example, we first started working with the regional furniture makers Embawood here in Georgia (page 17) and then in Azerbaijan - at the time when nobody knew us in Azerbaijan. They introduced some changes to their product lines and their communications strategy using our data. Embawood is also present in Kazakhstan where we have now set up an office.

With the EBRD, we cooperate in two ways: we are consultants and provide our services to companies that work with the Bank’s Small Business Support (SBS) team, and we ourselves have used grants and financial support from SBS to develop special software to double the number of telephone interviews for marketing research. What we need now is to improve the international management of our company. The EBRD’s SBS is putting us in touch with international experts in these issues. Maybe we could have figured it all out by ourselves, but we simply don’t want to waste time discovering where we went wrong. So we are practising what we preach: getting expert advice.
Modern infrastructure is key for Georgia’s future as a modern, competitive economy and as an energy and trade hub. To become a regional logistics platform, Georgia needs to continue investing in its transport infrastructure, expanding its logistics facilities and related service industries that add value to goods transiting through the country.

In Georgia, the EBRD supports infrastructure development in the energy sector (transmission lines, distribution systems, hydropower stations), municipal services sector (water, wastewater and solid waste management), and in transport (airports, ports, logistics and urban transport), supporting the introduction of modern technologies and environmental standards along the way.

**In Georgia, as elsewhere, private investors should play a larger role**

The EBRD’s infrastructure investments in the Georgian transport sector – such as the sea port in Poti and international airports in Tbilisi and Batumi - have helped open the country up to the global economy, develop its tourism industry and strengthen its potential as a transit country.

Thomas Maier, EBRD Managing Director for Infrastructure, says: “We work closely with clients to deliver real-world infrastructure solutions wherever they are – at the urban, regional and national levels. In Georgia, as elsewhere, we believe private investors should play a larger role in the sector to accelerate infrastructure investment, and we stand ready to work on new projects.”
Poti is one of Georgia’s three main sea ports. It is also a key point on the way from the EU ports of Constanţa and Varna to the Caspian region and the whole of Central Asia.

In 2008, the port was privatised, and a free economic zone created around it. The following year, the EBRD lent the JSC Poti Sea Port Corporation US$ 8 million to transform one of the run-down berths for use as a container terminal. Funds were used for dredging, paving and replacement of part of the top end of the quay, and to purchase mobile harbour cranes, reach stackers and an empty container handler. The modernisation programme helped the port increase capacity.

International airports in Tbilisi and Batumi also benefited from EBRD financing of US$ 25.9 million to TAV Urban Georgia, the airports’ operator. In Tbilisi, a new international terminal and car park were constructed; the runway was upgraded, and equipment purchased. The financing package also paid for construction works and the modernisation of equipment and systems at Batumi airport.

Both projects, the modernisation of the Sea Port and the development of the airports in Tbilisi and Batumi, have attracted foreign investors to Georgia’s transport sector – from the United Arab Emirates (UAE), Denmark and Turkey.

Nobody wants to know where their rubbish goes. But the way it is dealt with can make the difference between a liveable urban environment and a dangerously contaminated one.

The EBRD has backed a safe, new landfill and the country’s first recycling programme in Rustavi.

One of the refuse collectors says: “Previously there was just a dump site. It was unsanitary. All the rubbish from Rustavi and Tbilisi was brought to it. Now things have changed beyond recognition: we now have a new refuse facility which serves the cities of Rustavi and Gardabani nearby. That’s more than 140,000 people.”

The facility was built to EU standards with an EBRD loan of €1.6 million and grants from BP (US$ 1 million) and the Swedish international development agency, Sida (€1.7 million). The facility includes the country’s first sorting line which separates cardboard, cellophane and plastic from the rest of the waste. These materials are then sold to external companies for recycling, which helps the city pay for some of the costs of the waste collection and management – and takes some strain off the environment.

Elsewhere, the EBRD is supporting solid waste management improvements in the Autonomous Republic of Adjara and Kvemo Kartli region. The Bank has also funded modernisation of water services in Borjomi, Kobuleti, Kutaisi and Poti. In Batumi, about 80 new public buses are now in the streets, and a bus depot was refurbished, all thanks to EBRD financing.
Donors help the EBRD make a difference

Many EBRD projects in Georgia would not have been possible without support from international donors who provide grant and concessional funding to projects and to multi-donor funds.

Early Transition Countries (ETC) Fund

The Bank and donors established the Early Transition Countries Fund in 2004 aimed at the Bank’s low and middle-income countries which still face the most significant transition challenges (initially Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Tajikistan and Uzbekistan, and subsequently Belarus, Mongolia and Turkmenistan). Since the creation of the ETC Fund, the EBRD’s activity in those countries has surged. Canada, Finland, Germany, Ireland, Japan, Korea, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, Taipei China and the United Kingdom have contributed more than €90 million of donor grants to the ETC Fund.

Eastern Europe Energy Efficiency and Environment Partnership (E5P)

The E5P is a multi-donor €170 million fund aimed at energy efficiency and environmental projects in the EU Eastern Partnership countries. The EU is the largest donor (€70 million), while other contributors are Armenia, the Czech Republic, Denmark, Estonia, Finland, Georgia, Germany, Iceland, Latvia, Lithuania, Moldova, Norway, Poland, Romania, Slovakia, Sweden, Ukraine and the United States.

Donors to EBRD Small Business Support programme

More than 800 Georgian SMEs have benefited from advisory assistance through the EBRD’s Small Business Support (SBS) programme. The EU has been the primary donor to the programme. Support has also been provided by the EBRD’s ETC Fund and bilateral donors including Japan, Canada, Switzerland, and the Taiwan Business-EBRD Technical Cooperation Fund.

European Union

The EU is the largest single donor for EBRD projects in Georgia. Through its Neighbourhood Investment Facility (NIF), it has provided grants directly for some of the projects described in this brochure, including BSTL (€8 million), Enguri HPP modernisation (€18 million), the Caucasus Energy Efficiency Programme (€5.1 million), The Georgian Agricultural Finance Facility (€4.8 million) and the EBRD’s SBS programme (€4.17 million). It is the largest donor to E5P.

The EU-Georgia Association Agreement, signed in June 2014, with
A diet coke and a passport, please

Francis Malige
EBRD Managing Director for Eastern Europe and the Caucasus

A client sits down at a table and a member of staff comes by. The client asks for a diet coke and a passport and hands over all the relevant documents and a small fee. He waits for his brand new passport while sipping on the soda.

In many countries around the world, this might sound like a pipedream. But not so in Tbilisi, at the Public Service Hall. This concept is a Georgian innovation, which could be used as a model in many other countries.

Every citizen can come to the Service Centre and obtain the vast majority of the official documents they need, from a passport to a construction permit, a marriage certificate and a property registration.

Over 300 types of services are provided under one roof. The place, designed around the needs of citizens, feels like a beehive open in the centre of town. Some services are automated: citizens download them from computers. Others take a few minutes. When it takes longer, there is a specific waiting area. This is where the drink (and food) come in handy.

It makes life simpler for citizens, but it has also greatly contributed to reducing delays and corruption. It also has other, perhaps unintended, benefits. “When I need to know how the economy is doing, it is simple,” says a senior Georgian civil servant: “I just look at how much activity there is down there – it is a very good indicator”.

Governments around the world could learn from that Georgian experience, no matter how advanced the country. Red tape has a way of building up and it is important to take a fresh look from time to time – just as Georgia has done.

Innovation like this is a key driver of productivity and can make a major contribution to sustained economic growth. Georgia has been a leader in innovation in the region – as shown by the accounts of the firms that feature in this brochure.

its Deep and Comprehensive Free Trade Area (DCFTA), brings Georgia closer to Europe. Recently, the EU and EBRD have created two new multi-million programmes to assist Georgia in the DCFTA, focused on SMEs.

Swedish International Development Cooperation Agency (Sida)

Sweden, through its international development agency Sida, is one of the EBRD’s largest bilateral donors. Solid waste improvements in Rustavi, described in this brochure, were made possible by a Sida grant. It also is an important supporter of multi-donor funds such as the E5P Fund – launched during the Swedish Presidency of the EU in 2009 – and the ETC Fund. Sida has also supported the EBRD’s Women in Business programme for the Eastern Partnership countries, together with the EU.
WE HOPE THESE STORIES OF SUCCESSFUL GEORGIAN BUSINESSES WILL INSPIRE AND LEAD TO NEW IDEAS

Bruno Balvanera
EBRD Director for Caucasus, Moldova and Belarus

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