

# FactCheck



## Kakha Kukava: "No new enterprises have been created under the agricultural programme"

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Debates with mayoral candidates Dimitri Lortkipanidze, Davit Narmania, Nika Melia and Kakha Kukava were held on 29 May 2014 on TV3. Davit Narmania, mayoral candidate from the Georgian Dream coalition, stated during the debates that new enterprises have been created under the agricultural programme. Kakha Kukava denied this statement and added that no new enterprises have been created under the agricultural programme.

FactCheck verified the accuracy of Kakha Kukava's statement.

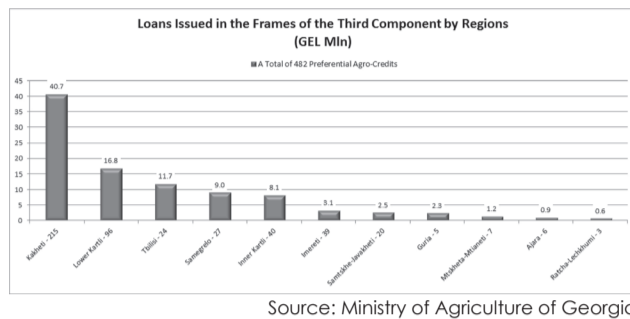
The Rural and Agricultural Development Fund, a non-profit non-commercial legal entity, was established on 22 June 2013 in order to implement the Rural Assistance Programme. Two legal entities of private law are the donors of the Rural and Agricultural Development Fund: the Rural and Agricultural Development International Charity Fund and the International Charity Fund Karti.

According to the information from the Ministry of Agriculture, the Preferential Agro-Credit project was approved at the meeting on 26 February 2013 by the board of the Rural and Agricultural Development Fund. The project intends to acquire preferential credits from financial institutions in order to create new agricultural enterprises and re-equip existing enterprises with required technology. The Agricultural Project Management Agency, which started up in March 2013, is implementing the Preferential Agro-Credit project adopted by the Ministry of Agriculture. Altogether, 13 banks, two microfinance organizations and two leasing companies are involved in the project.

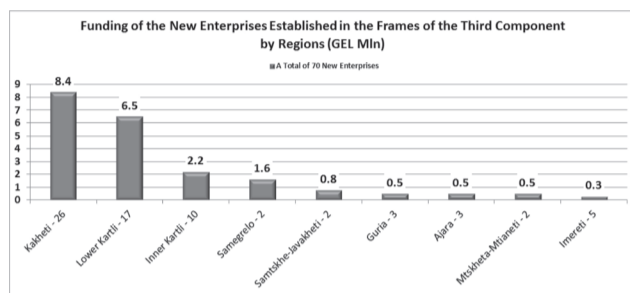
The preferential Agro-Credit project consisted of three components initially: 1) interest-free commodity credit (instalment) for small farmers, 2) preferential agro-credit for medium and large farmers and 3) preferential agro-credit for agricultural enterprises.

Within a year of the project's start, it was improved and new components were added according to the needs and demands of farmers and entrepreneurs; namely, 4) preferential agro-leasing, 5) preferential agro-credit for grape-processing companies, 6) preferential agro-credit for citrus exporting and processing companies and 7) preferential agro-credit for agricultural products processing companies funded by matching grants.

A summary report on the activities of the Preferential Agro-Credit project is published on the web-site of the Ministry of Agriculture. According to the report, 14,100 preferential agro-credits worth GEL 318,000,000 were given to every region in Georgia in different fields of agriculture of 4 April 2014. The expansion and re-equip-



Source: Ministry of Agriculture of Georgia



Source: Ministry of Agriculture of Georgia

ment of 70 new and more than 400 existing enterprises were financed during one year.

Within the scope of the project's third component, 482 agro-credits were given in total. Of this number, there were 215 in Kakheti, 96 in Kvemo-Kartli, 24 in Tbilisi, 27 in Samegrelo, 40 in Shida Kartli, 39 in Imereti, 20 in Samtskhe-Javakheti, five in Guria, seven in Mtskheta-Mtianeti, six in Adjara and three in Racha-Lechkhumi.

Also according to the report, 70 new enterprises were financed under the scope of the component. On average, GEL 300,000 worth of preferential agro-credit was given to an individual enterprise. In terms of the regional distribution, new enterprises were opened in Kakheti-26, Kvemo-Kartli-17, Shida-Kartli-10, Samegrelo-2, Samtskhe-Javakheti-2, Guria-3, Adjara-3, Mtskheta-Mtianeti-2 and Imereti-5.

Businesses created within the scope of the third component are distributed ac-

ording to sectors as follows: storage refrigerators-13, pig breeding-2, greenhouses -5, viticulture-3; nuts processing-2; livestock-5, fisheries-2, packaging materials-1, mixed breeding-1 and tobacco industry-1.

It should be noted that FactCheck has already published two articles on the Preferential Agro-Credit project. We published the first article on 30 January 2014. According to the data in this article, 49 new and 155 already existing enterprises (for the purpose of re-equipment) had been funded under the Preferential Agro-Credit project by the end of 2013.

At that time FactCheck tried to contact the owners of the newly-funded 49 enterprises to inquire about the process of the construction of their enterprises. We were able to contact some of the beneficiary entrepreneurs. Of the eight enterprises we researched, six of them were established in 2013 after the Georgian Dream coalition



came to power. In order to take a look at the activities and the number of employees in the abovementioned enterprises, see the link.

FactCheck also checked the registration dates of those 49 enterprises registered at the Public Registry. We found out that 17 enterprises were registered in the period of 2012-2013 and the remaining 32 in previous years.

FactCheck published a second article on the enterprises created under the Preferential Agro-Credit project on 27 May 2014. In addition, we analysed the information about the activities of several of the enterprises funded under the Preferential Agro-Credit project published on the official Facebook page of the Agricultural Project Management Agency. We found out that eight enterprises were registered in the period of 2012-2013 at the Public Registry and 14 of them were registered in previous years.

Kakha Kukava focused on the Samegrelo region during the debates where he indicated that no new enterprises were created. We found out the following information on the official Facebook page of the Agricultural Project Management Agency: Abasheli Farmer Ltd was created in Samegrelo; specifically, in Abasha, under the Preferential Agro-Credit project which received a credit for the development of livestock and employs ten people. It was registered at the Public Registry on 12 October 2012. Additionally, Unifarm Ltd was registered at the Public Registry on 17 October 2013. The enterprise is located in Senaki. The enterprise works in livestock and employs 37 people.

Category: Enterprises/  
Agriculture

## Common Language, Education, and Nation Building

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It is against this philosophical backdrop that one should perceive (and appreciate) the role of Akaki and other members of the "Society for the Advancement of Literacy Among Georgians" in shaping modern Georgian nationhood. And it is against this backdrop that we should be assessing the successes and failures of Georgia's contemporary public education system.

It is against this philosophical backdrop that one should perceive (and appreciate) the role of Akaki and other members of the "Society for the Advancement of Literacy Among Georgians" in shaping modern Georgian nationhood. And it is against this backdrop that we should be assessing the successes and failures of Georgia's contemporary public education system.

### GOING TO DIFFERENT SCHOOLS AND SPEAKING DIFFERENT LANGUAGES

The utter collapse of Georgia's government and economy in the early 1990s has left the country's education system in shambles. With no public funding to pay for teachers' salaries, no heating and only occasional supply of electricity, the system continued to exist in name, but was no longer able to perform any of its vital functions. The market re-

sponded through the emergence of private schools in Vake and other relatively affluent districts of Tbilisi. By 2012, Tbilisi had 122 private school (41% of the total), catering for the needs of 29,000 children from better-off urban families (17% of total school population in Tbilisi).

With about 60% of privately schooled children in 2012 (29,000 out of 51,573), Tbilisi dominates the national scene. Kutaisi and Batumi, the only other cities to have sizeable population of privately schooled children, lag far behind.

Judging by available data, about 9% of Georgia's youth – the country's future elite – are privileged to study in private schools. Many of these are truly wonderful institutions, offering superior infrastructure, excellent instruction in English and other foreign languages, math, natural sciences, history and geography, arts and music. Classes are typically very small, two instructors per up to 20-25 kids. In addition to traditional "lecturing", private schools often emphasize "soft" skills – teamwork, public speaking and debating. In short, anything a happy Georgian family can only wish for its children.

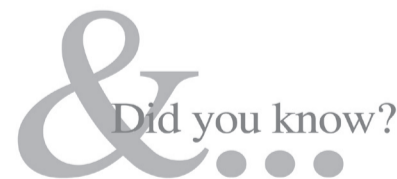
High quality private institutions are a great alternative to the faltering public schools. They are not a problem but rather a solution. Nevertheless, in the absence of a viable public schooling alternative for 91% of Georgia's population, the country's nation building project may be at the risk of unraveling. Not because of external aggression, but as a result of division into social classes that go to different schools and speak different languages.

### ProCredit Bank presents the business fair "ProExpo" which will be held from 10 to 13 July!

For four days ProCredit Bank's clients – up to 80 Georgian companies from various business sectors will showcase and offer their wares in the 4th pavilion of Expo Georgia at a special discount!

The exhibition space will be divided into three major parts: Produced in Georgia, agricultural and imported products.

This event organized by ProCredit Bank will help to make the companies' products more popular and known to the public!



FINANCIAL has the biggest circulation among English language newspapers in Georgia



### CONCLUSION

According to the annual summary report on the activities of the Preferential Agro-Credit project, 14,100 preferential Agro-credits worth GEL 318,000,000 were given to every region in Georgia in different field of agriculture as of 4 April 2014. The expansion and re-equipment of 70 new and more than 400 existing enterprises were financed during one year.

Last year in October FactCheck checked the registration dates of almost every enterprise funded under the Preferential Agro-Credit project by that time. As of October 2013 49 new enterprises had been funded under this project. Of these enterprises, 17 were registered in the period of 2012-2013 and the remaining 32 in previous years. Further, 17 enterprises started their activities after they received a preferential agro-credit which means that 17 new enterprises were created.

We also analyzed the official data of the Agricultural Project Management Agency about the newly-established enterprises. According to that data, we found out that several enterprises were established after the Georgian Dream coalition came to power.

Besides that, despite the fact that every new enterprise was not created after the Preferential Agro-Credit project came into force (not in 2013), this does not mean that the activities implemented by these enterprises cannot be considered as a start-up since the start-up does not necessarily imply that it is a newly-registered enterprise. The enterprise might have previously existed but started its new activity with the help of the acquired agro-credit. Therefore, the enterprise might have been registered several years ago but its activity is new. All of these enterprises have received funding under the Preferential Agro-Credit project and started or resumed their activities.

We conclude that the statement by Kakha Kukava, "No new enterprises have been created under the agricultural program," is LIE.



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## Georgia Invites Expression of Interest for Deep-Sea Port Project

The Georgian government announced on July 10 call for expression of interest on design, construction and operation of deep-sea port in Anaklia with an initial capacity to handle 7 million tons and gradually increasing its capacity to at least 40 million tons in twelve years.

The government said that companies with at least ten years of experience of implementing such projects are invited to submit their proposals before October 1, 2014.

PM Irakli Garibashvili said on July 10 that at this stage the government does not consider co-financing of the project by the state.

The government plans to allocate 1,000 hectares of land to an investor for construction of port in Anaklia, which is located close to the administrative boundary line of breakaway Abkhazia. The government said it is ready to also consider setting up of a free industrial zone in the area adjacent to planned port as it is at the port of Poti, south from Anaklia.

The port, according to requirements set by the government, should be operational within two years after commencement of its construction.

During the first phase of the project – first three years of port's operation, its capacity should be handling of at least 7 million tons of mixed cargo annually; in following four years, according to government's requirements, capacity should increase further to 20 million tons and it should double by the twelfth year of port's operation.

In terms of standard containers, target of 40 million tons of mixed cargo is about 3 million twenty-foot equivalent units (TEU), according to the Georgian Economy Ministry, which said that total capacity of Georgia's two ports in Batumi and Poti is less than 500,000 TEUs annually.

Container throughput in Georgia's ports of Poti and Batumi reached 403,447 TEU in 2013, a 13% increase over the previous year, according to the Georgian Economy Ministry.

Ports in Poti and Batumi are capable to handle only feeder vessels, carrying maximum of 1,700 containers. Larger, panamax size vessels with Georgia-bound cargo use other ports in the region, mostly in Istanbul, where containers are reloaded to feeder ships which then head to Poti and Batumi "increasing significantly cost and time of transportation," Economy Minister Giorgi Kvirikashvili said on July 10.

Source: Civil.ge



## President Margvelashvili: "This (Baku-Tbilisi-Karsi) is the railway through which the ISAF Mission will depart from Afghanistan."

FactCheck

The President of Georgia, Giorgi Margvelashvili, talked about the details of Tbilisi Summit 2014 on TV Imedi on 20 May 2014. While talking about the common plans shared by Georgia, Azerbaijan and Turkey, Margvelashvili focused upon the Baku-Tbilisi-Karsi railway and stated the following: "This (Baku-Tbilisi-Karsi) is the railway through which the ISAF Mission will depart from Afghanistan."

FactCheck got interested in the President's statement and sought to verify its accuracy.

According to Georgian Railway, the Baku-Tbilisi-Karsi project comprises a transport corridor which will connect the railway lines of Georgia, Azerbaijan and Turkey. As a result of the implementation of this project, the rail corridor will open a route from the Caspian Sea to Europe, bypassing Turkey, which will eventually eliminate the need for transportation by the sea as soon as the construction of the railway tunnel passing the Bosphorus Strait will be completed in Istanbul. The Baku-Tbilisi-Karsi project will also enable the opening of a corridor which will connect Russia to Turkey. This line includes both freight and passenger transfers and is considered an alternative way for freight transportation instead of the existing transit routes from Iran.

Georgia, Azerbaijan, and Turkey started the implementation of the Baku-Tbilisi-Karsi railway highway corridor in 2007. It includes the rehabilitation-reconstruction of the Marabda-Akhalkalaki railway line located on Georgian territory and the construction of a new railway line from the Akhalkalaki station to the Karsi station. There is a railway line to Akhalkalaki-Kartsakhi (at the Turkish border) from the Akhalkalaki-Karsi territory on the Georgian side. Additionally, the project considers the construction of a new railway station in Akhalkalaki.

It should be noted that in 2007, former Georgian President, Mikheil Saakashvili, met with the leaders of Azerbaijan and Turkey at the official opening ceremony of the railway project in the village of Marabda and stated that he assumed the construction of the railway would be finished earlier than planned; that is, before the end of his second term as President. Later, the construction completion date was postponed several times to 2013, then 2014 and finally 2015.

Liberal magazine published an article on the Baku-Tbilisi-Karsi railway in which it indicated that the project should have been finished by the end of 2010 but the completion date was changed several times owing to financial, political and geographical encountered. According to the article: "The Head of the Azerbaijan Oil State Fund, Shakhmar Movsumov, names the strained political situation in Georgia as one of the reasons hindering the construction of the railway. There are other reasons for the delay as well: oil prices became less expensive after 2007 on several occasions and the revenues from the oil sales significantly decreased which often caused a stoppage of the funding for the project. Additionally, technical problems also occurred. During the construction of the tunnel connecting Georgia and Turkey, it turned out that the tunnel would have been located in a hazard-



Source: Georgian Railway, www.railway.ge

ous zone and so the project was changed."

The pace of the construction of the railway line has become a subject of criticism by the opposition. Marabda-Kartsakhi Railway Ltd did not ignore the criticism expressed regarding the pace of construction. The company stated several reasons for the halting of the construction work such as severe climate and environmental conditions and the slow work pace of the old leadership as well as a misappropriation of funds and embezzlement by them. The Prosecutor's Office of Georgia confirmed with FactCheck that as of 6 May, the Office's Investigation Unit has been investigating the legalisation of illicit income at its Division of Criminal prosecution on the case of the misappropriation of funds owned by the company and their legalisation by the leadership and authorised individuals of Marabda-Kartsakhi Ltd; that is, concealing its illicit origin and the legalisation of illicit income for the purpose of camouflaging property rights. In addition, all of this was linked to the acquiring of a large amount of income.

According to the information provided to us by Marabda-Kartsakhi Railway Ltd about the construction dates of the Baku-Tbilisi-Karsi railway, as of 21 March, 36.5% of the project work has been done. The construction is underway at all planned stages and the completion of the project is scheduled as follows:

- Marabda-Tetrtskaro (1st stage) – 30 June 2014
- Tetrtskaro-Tsalka (2nd stage) – 30 December 2014
- Tsalka-Akhalkalaki (3rd stage) – 30 June 2015
- Railway station – 30 December 2015
- Akhalkalaki station – 30 December 2015
- Akhalkalaki-Kartsakhi – 30 December 2015

As for the idea of transporting Afghan cargo through this railway line, this route was initially considered as an alternative which would serve NATO's cargo. Based upon the strategy agreed at the NATO Chicago Summit in 2012 and the Lisbon Summit in 2010, the North Atlantic Treaty Organization decided that the ISAF (International Security Assistance Force) Mission would finish by the end of 2014 and the Organisation would continue supporting Af-

ghanistan with a reduced scale representation within a different format. The idea of using Georgia's transport potential for the transportation of NATO's cargo has existed since this period.

The former Georgian President, Mikheil Saakashvili, referred to the importance of Afghan cargo for the Georgian economy as a response to the criticism voiced of the construction pace of the Baku-Tbilisi-Karsi railway.

Maia Panjikidze, Minister of Foreign Affairs of Georgia, made a proposal once again on 23 April 2013 at the NATO Ministerial Meeting in Brussels about Georgia's involvement in the reverse transit of NATO's Afghanistan mission's cargo. According to Radio Liberty, during her speech, Maia Panjikidze, emphasized Georgia's absolute readiness to actively cooperate with NATO after the end of the military mission. "Georgia is offering NATO the shortest route to transit soldiers and cargo

from Afghanistan. This route will be ready by the end of this year. This is the Baku-Tbilisi-Karsi railway and I talked about this in my speech at the ISAF Meeting."

FactCheck talked to Konstantine Ninidze, Director of Marabda-Kartsakhi Railway Ltd about the construction process of the Baku-Tbilisi-Karsi railway and its potential freight.

According to him, the test train passing down the railway line is set for the end of 2014. After this it will be possible to start the work to transit the cargo. Ninidze added that if the weather cooperates with favorable conditions, construction is scheduled to be completed by the end of 2015. He said that some sections of the railway are constructed during some of the most difficult climatic conditions and gave the example that the territory of Ninotsminda is located at 2,100 meters above sea level and the territory of



Akhalkalaki at 2,000 meters above sea level. He also highlighted that this is the highest elevation railway line in Europe. Marabda-Kartsakhi Ltd was unable to specify which cargos will be transported on this railway.

It was stated at the 18th Coordination Council meeting held in Baku, Azerbaijan on 24 February 2014 with the purpose of addressing the rehabilitation, reconstruction and construction of the Marabda-Kartsakhi railway section that the test train passing down the railway line is set for the end of 2014 and its commissioning is scheduled for 2015.

Oleg Bichiashvili, Director of Marabda-Kartsakhi Ltd, stated on 12 September 2013 that the shipping of Afghan cargo by means of the Baku-Tbilisi-Karsi railway line will probably not be achieved on time due to the fact that the transit of the Afghan cargo is schedule for 2014 and the opening of the railway will not be achieved by 2015.

FactCheck contacted the President's Administration for further comments on this issue. Our questions concerned the potential shipments of the Baku-Tbilisi-Karsi railway, the significance and role of this railway line for the NATO ISAF Mission in Afghanistan and the future ISAF missions as well as the activities implemented for attracting cargo. The Press Office of the President's Administration indicated in its reply that this issue falls under the competence of the government.

The Ministry of Economy and Sustainable Development of Georgia verifies the information that the Government of Georgia has offered NATO the use of the Afghanistan-Turkmenistan-Azerbaijan-Georgia route for the withdrawal of the Alliance's ISAF Mission and cargo. According to the Ministry, this includes the transit of the above-mentioned cargo from Turkey to Europe after the end of the construction of the new Baku-Tbilisi-Karsi railway line. However, we could not obtain information about any kind of specific agreement on the use of the Baku-Tbilisi-Karsi railway by NATO.

### CONCLUSION

The construction of the Baku-Tbilisi-Karsi railway is scheduled for completion at the end of 2015 and the test train passing down the railway line is set for the end of 2014. The NATO ISAF Mission finishes at the end of 2014. The withdrawal of the Alliance's cargo from Afghanistan is planned for the end of 2014.

According to Marabda-Kartsakhi Railway Ltd, the Baku-Tbilisi-Karsi railway is planned to start functioning by the end of 2015. In addition, Oleg Bichiashvili, Director of the company, stated back in September 2013 that the shipping of Afghan cargo by means of this railway line will probably not be achieved on time.

The Ministry of Economy and Sustainable Development of Georgia verifies the information that Georgia has offered NATO the use of this railway for the withdrawal of the Alliance's cargo. However, we could not obtain information about any kind of specific agreement on this issue.

The official offer by the Government of Georgia to use the Baku-Tbilisi-Karsi railway for the withdrawal of the ISAF Mission cargo exists which could have been the basis for President Margvelashvili's statement. In addition, we cannot exclude the theoretical possibility that the Alliance might use this railway line to withdraw its cargo from Afghanistan. However, FactCheck was unable to obtain information about any kind of specific agreement which would verify the accuracy of the statement.

Accordingly, we conclude that President Giorgi Margvelashvili's statement, "This (Baku-Tbilisi-Karsi) is the railway through which the ISAF Mission will depart from Afghanistan," is HALF TRUE.



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