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Irakli Gharibashvili:

"We should finish the topic of bonuses... the salary of Ministers was equal to GEL 6,300 in the previous year. I decreased it by GEL 1,300 in January and now they have a minimum salary of GEL 5,000. Ministers have neither any salary supplement nor any other bonuses."



Mariam BREGADZE
FactCheck

At a press conference held on 4 June 2014, a journalist asked Irakli Gharibashvili the following question: "To be honest, there is the impression that you consider the large sums of money which Ministers have allocated for themselves and also for their subordinates as adequate. This is the kind of impression there is and I would like you to verify this." The Prime Minister responded: "We should finish the topic of bonuses... the salary of Ministers was equal to GEL 6,300 in the previous year. I decreased it by GEL 1,300 in January and now they have a minimum salary of GEL 5,000. Ministers have neither any salary supplement nor any other bonuses."

FactCheck took interest in the facts given in the statement. Despite the journalist's question, the Prime Minister focused upon the salaries of Ministers in his response. Therefore, FactCheck verified not only the issue of bonuses for Ministers but also the issue of bonuses for persons subordinate to Ministers.

The Law of Georgia on the Structure, Powers and Activities of the Georgian Government determines the funding of a Ministry from the state budget and the targeted use of budgetary expenditures. In addition, the Ministers' salaries include remuneration based upon rank, supplement and bonus (Article 37 of the Law on Public Service).

The amount of remuneration based upon rank is determined by the Georgian President's Decree N43 of 2005 according to which a Ministers' monthly salary is GEL 3,540 which equates to GEL 2,832 after the income tax deduction. The Prime Minister of Georgia is entitled to determine the monthly supplements for Ministers' salaries (Article 5 of the Georgian Government's Decree N54). Bidzina Ivanishvili, the former Georgian Prime Minister, used this aforementioned authority and assigned GEL 4,335 monthly as a fixed salary supplement for Ministers (as well as State Ministers) from March 2013. The purpose of this decision was the termination of the irregular issuing of bonuses for Ministers. Accordingly, the fixed supplement (GEL 4,335) was added to the remuneration based upon rank (GEL 3,540) as determined by the President's Decree and the Minister's monthly salary became GEL 7,875 in total.

Later, Irakli Gharibashvili announced that the Decree by the former Prime Minister was invalid and decreased the fixed supplement monthly to GEL 2,710. Therefore, a wage cut occurred in the salary supplement component and the monthly remuneration stayed as GEL 3,540 (with income tax deduction). Therefore, the

Minister's salary with the supplement is equal to GEL 6,250 (GEL 5,000 with income tax deduction).

As for the bonus, it is a financial incentive for a public servant and directed towards a particular civil servant. Georgian legislation does not determine its exact definition, the regulation of the rules for issuing a bonus or the amount.

Of note is the fact that according to information presented by Irakli Gharibashvili at the same press conference, both the administration and the Civil Service Bureau have been given the task of solving the issue of bonuses. After the Government's meeting on 26 June, Nino Kobakhidze, Deputy Head of Administration, stated that the resolution which determines the rule of issuing the bonuses, the maximum limit and issuers of bonuses had been adopted. The Government adopted the resolution with a technical remark and a unified concept will be presented at a presentation by the Civil Service Bureau on 1 July. According to Nino Kobakhidze, the resolution will determine how employees are accepted into the public service, promoted, ranked and fired. According to the resolution, the Head of a Ministry (a supervising official) is authorised to issue no more than 100% of the salary quarterly and those Ministries which are subordinates of the Prime Minister issue bonuses in agreement with the Prime Minister. The State Treasury is responsible for controlling this issue.

As for the bonuses of Ministers, Factcheck checked the current data available on the website of the Public Information Database. Official documents about the wages, bonuses and supplements issued by the Ministries are published on this web-site. According to the data, Ministers have not received bonuses since March 2013.

Of note is the fact that the question posed by the journalist to the Prime Minister concerned not only the issue of bonuses for Ministers but also bonuses for Deputy Ministers. However, the Prime Minister focused only upon the salaries and bonuses of Ministers and asked that we 'finish the topic about bonuses.' Factcheck also verified the bonuses issued to persons subordinate to Ministers as well as the also different and irregular practice of issuing these bonuses.

As a result of analysing official documents acquired from the Ministries, we determined that the Ministry of Internal Affairs ignored the Institute for Development of Freedom of Information's (IDFI) requested information about bonuses. The Ministry of Agriculture provided quantitative data about the issued amount of remuneration according to ranks. As for the Ministry of Economy and Sustainable Development, Ministry of Finance and the Ministry of Labour, Health and Social Affairs, these offices provided partial data. Based upon that

	I Deputy Minister	I Deputy Minister	Deputy	Deputy	Deputy	Deputy	Deputy	In total
Ministry of Education and Science	8,505	-	4,080	4,080	4,080	(Head of Department) 9,330	-	30,075
Ministry of Energy	-	-	65,280	65,280	55,520	-	-	186,080
Ministry of Environment and Natural Resources Protection	16,975 (8 months)	-	7,500 (4 months)	12 845 (8 months)	-	-	-	37,320
Ministry of Justice	57,520	55,973	54,419	54,419	1,272 (1 month)	6,720 (1 month)	-	230,323
Ministry of Culture and Monument Protection	34,962	-	36,678	35,997	27,716	-	-	135,353
Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees	7,196 (2 months)	-	6,589 (2 months)	6,589 (2 months)	6,589 (2 months)	-	-	26,963
Ministry of Foreign Affairs	-	-	165,548	-	-	-	-	165,548
Ministry of Corrections and Legal Assistance	47,200	-	35,360	59,840	3,120 (1 month)	35,360	-	180,880
Ministry of Regional Development and Infrastructure	20,720 (7 months)	-	20,300 (7 months)	2,720 (1 month)	2,720 (1 month)	-	-	46,460
Ministry of Sports and Youth Affairs	25,060	-	4,820 (2 months)	26,320	19,770 (7 months)	-	-	75,970
Office of the State Minister on European and Euro-Atlantic Integration	40,175	-	36,505	-	-	-	-	76,680
Office of the State Minister for Reconciliation and Civic Equality	33,150	-	-	-	-	-	-	33,150

data, it is impossible to determine the amount of bonuses issued individually to Deputy Ministers and other officials during 2013. In addition, the Office of the State Minister of Georgia for Diaspora Issues defined that the aforementioned information contains elements of 'personal data' and the question about the admissibility of its issue was sent to the personal data protection inspector. Information was not requested from the Ministry of Environment and

Natural Resources Protection of Georgia which has published information about the amount of money issued as salaries on its official web-site. The amount of bonuses (in total) issued to Deputy Ministers in the rest of the Ministries during 2013 is as follows.

As we see, there is no unified regulation for the issuing of bonuses and supplements to Deputy Ministers in different Ministries. As a result of this, the amount of bonus in some cases significantly ex-

ceeds the amount of remuneration based upon ranking. Of further note is the fact that no bonuses are issued to Deputy Ministers in some Ministries. The issuing of bonuses was not recorded at the Ministry of Defence, for example, for the year 2013. Deputy Ministers were also receiving monthly supplements along with their remuneration based upon rank.

Category: Minister's Salaries

CONCLUSION

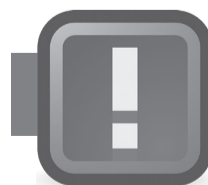
According to the Georgian President's Decree, the amount of monthly salaries for Ministers was equal to GEL 3,540 (GEL 2,832 with income tax deduction).

Besides the remuneration based upon rank, the salary of Ministers also includes a supplement which was decreased from GEL 4,335 to GEL 2,710 according to Prime Minister Irakli Gharibashvili's Decree of January 2014. Accordingly, a fixed salary supplement (GEL 2,710) was added to the already fixed remuneration based upon rank (GEL 3,540). In the end, the Minister's (State Ministers) salary has decreased from GEL 6,300 to GEL 5,000 with the income tax deduction. In addition, there is no other supplement to the salary other than the salary supplement determined by the Decree.

As for bonuses, according to the Public Information Database, the issuing of bonuses to Ministers is not evidenced from March 2013. Despite the fact that the Prime Minister focused only upon the Ministers' salaries and bonuses, the question posed to the Prime Minister by the journalist at the 4 June press conference also concerned the bonuses of persons subordinate to the Ministers. According to the verified information, the cases of financial incentives and the facts of issuing multiple bonuses for Deputy Ministers and other officials still take place.

Common and established standards of bonuses do not exist in the Ministries and, therefore, different practices of financial incentives have prevailed. In addition, a defined amount of bonuses is also not regulated. However, it should be noted that Irakli Gharibashvili also took the opportunity of the press conference to emphasize that the Administration and the Civil Service Bureau have been given the task of solving the issue of bonuses. The aforementioned regulation has already been developed which will set out the rules for issuing bonuses, their frequency and their amounts. The concept will be presented at a presentation on 1 July.

Factcheck concludes that Irakli Gharibashvili's statement, "We should finish the topic of bonuses... the salary of Ministers was equal to GEL 6,300 in the previous year. I decreased it by GEL 1,300 in January and now they have a minimum salary of GEL 5,000. Ministers have neither any salary supplement nor any other bonuses," is **MOSTLY TRUE**.



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Georgia-EU Trade: Georgia Must Be Branded, Says Branding Expert

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cient in the EU member states?

A. On this point I have to say that size matters. It is cheaper and easier to reach a 4 million populated market using online communications than through classical TV ads. When you are facing a market the size of the EU, it changes. Then online media, the social networks, become a complementary piece of the whole communications system in which TV is still the most efficient form of media when you want to achieve appropriate coverage for the messages of your brand. Having said that, we cannot forget that the way people tend to consume television is changing. Now there are more people watching TV on their mobile devices, the audiences are much more fragmented and the consumption of TV on demand is growing. These factors have to be seriously considered when brands decide to go to television as their main communication vehicle.

Q. Can you name a company brand operating in the EU that has managed to succeed on the EU market and can you highlight its advantages?

A. As a Spaniard I want to name a Spanish brand, for example Zara. Everybody knows it and everybody speaks of it as a successful brand. What is very interesting is that in terms of what is typically understood by people as a brand (logo, colours, communication, advertising etc.) Zara is not that relevant. They have been able to succeed without advertising campaigns, without a punchy visual brand identity. One of the secrets of their success is that they have built a really strong brand using pure marketing tools.

Q. When talking about multinational brands, the majority of them are originally from European countries or the U.S. What are the reasons for this?

A. I guess it is just a question of economic power. There are also great multinational brands from Asia, especially from Japan and Korea. The more active and vibrant the economy of a country is, the more they need to expand and export. If they want to succeed when they expand they have to have not only good products, but they also have to know how to market them properly and it is there that branding plays a starring role.





Zurab Melikishvili: “No matter what name you give it, Lazika or Anaklia, this project is suspended today.”



Giorgi Nasrashvili
FactCheck

Zurab Melikishvili, MP from the United National Movement, criticised the government for suspending large infrastructural projects at the plenary session held on 30 April 2014. The MP from the Parliamentary Minority referred to the Parliamentary Majority: “No matter what name you call it Lazika or Anaklia, this project is suspended today. Despite the small scale, whatever infrastructure was there is being destroyed and degraded.”

FactCheck took interest in the accuracy of the MP's statement and sought to verify it.

In addition to checking into the stage of the deep port construction process in the vicinity of Anaklia, FactCheck tried to figure out whether or not there is a difference between the Lazika and Anaklia ports.

According to the initially reported information, the construction of Lazika port, which the United National Movement had planned during its stay in power, should have been finished in the first half of 2015.

The Lazika port was designed to be the largest port on the Georgian coastline with its construction planned on 85 hectares of territory. GEL 535 million was considered as an estimated maximum cost of the project.

Besides the construction of Lazika port, the construction of Lazika city was also envisaged to be built between the Colchis Lowland in Anaklia and Kulevi. According to the government, Lazika was to be the second largest city after Tbilisi which would have functioned as a main trade-economic centre for Georgia. According to government calculations, at least a half-million were estimated to eventually live in the city. In addition to the port, an airport, touristic zone, business centre and residential living space were also planned. The opposition had been strictly criticising the idea of the construction of a new city. Bidzina Ivanishvili, leader of the Georgian Dream coalition, referred to this issue several times at his meetings with the electorate during his pre-elections campaign in advance of the 2012 Parliamentary elections. At a pre-election meeting in Ozurgeti, for example, he assessed the idea of the construction of the city as a whim of the then President. While speaking to the Russian edition of *Forbes* magazine, Ivanishvili referred to the same projects as “jokes that no one was taking seriously.”

Prior to the approval of the government, Giorgi Kvirikashvili, then candidate for the Ministry of Economy and Sustainable Development, did not exclude the possibility of interest in the project after his

victory in the Parliamentary elections in 2012 should profitability of the construction of the port in Anaklia be demonstrated. Bidzina Ivanishvili, stated that he considered the construction of the port to be realistic, but assessed the idea of the construction of a new city as absurd.

Information about the funding for the construction of the Anaklia port was made available at a presentation by the Co-Investment Fund on 30 September 2013.

Bidzina Ivanishvili, Georgia's then Prime Minister, stated at the presentation that the port would be the largest in the country and would be able to handle 110 million tons of cargo per year. According to Ivanishvili, the government had been discussing several alternative projects related to the construction of a new port as well as the Lazika port project with the United National Movement was planning to do during its time in power. However, after the change of the government, this project was suspended. According to Ivanishvili's assessment, “The Anaklia port beats the Lazika port because it is much bigger in terms of its capacity and, besides that, we will not have to drain the marsh which would damage the environment.”

The opposition responded to the Prime Minister through a special press conference as soon as the idea of the construction of the Anaklia port was made public. According to Giorgi Vashadze, MP from the Parliamentary Minority, the Anaklia port was being constructed in the same place where the former government was planning to construct the Lazika port. Vashadze stated: “There is only one large canyon along this coastal strip where it is possible to construct the port which will be able to handle large-sized vessels and increase the country's revenues. We wasted one year for nothing. During this one year, the port could have been in its completion phase.”

As for the construction of the Anaklia port, Giorgi Kvirikashvili, Minister for Economy and Sustainable Development of Georgia, stated on 13 May 2014 that a tender would be announced by the end of the year concerning the construction of a deep port in the vicinity of Anaklia. According to him, the issue of where this port will be built in particular would be decided after the preparation of a preliminary report. Kvirikashvili stated: “This report will include information on technical details where the most favourable natural conditions are for the construction of a deep port. Probably, this is in the vicinity of Anaklia but identifying the exact place deemed to be the most favorable for the construction will be included in the report.” According to Kvirikashvili, the port construction project will be financed entirely by private funds.

According to information presented by the Co-Investment Fund on 2 July 2014, a Japanese consortium of international experience in engineering consultancy, Oriental Consultants Company Limited which had been conducting a research on the Black Sea coast commissioned by the Partnership Fund, has already finished its work and selected Anaklia as the best place for the port. Irakli Kovzanadze, Executive Director of the Partnership Fund, stated that the port which will be built in Anaklia will be able to handle large-sized vessels (so-called Panamax dimensions).

According to the decision of the Economic Council of 2 July, expressions of interest in participating in the Anaklia port project will be announced from this week. According to the Partnership Fund's management Group, the Fund already has the technical-economic justification for the new port as well as its initial design and a general construction plan.

In order to find out whether or not there is a difference between the Lazika and Anaklia ports as well as to get information about the priorities of the projects as well as their negative sides, FactCheck talked to Giorgi Lominadze, Head of the Geomorphology and Geo-ecology Department at the Vakhushiti Bagrationi Geography Institute of Tbilisi State University and, Irakli Papashvili, Head of the Maritime Group at the scientific-research firm, Gama Consulting Ltd.

As the experts noted during their discussions with FactCheck, the idea for building a port in the vicinity of Anaklia is not a new one. This proposal was discussed in 1976 in an article published in the *Bulletin of the Georgian Academy of Sciences* which talked about the expected changes in the Georgian coastline as a result of the construction of the Enguri Dam. In this article, the construction of the port is considered as one of the means for using resources wisely and solving the shore protection problem. In particular, it would have been possible to restore any damaged shoreline as a result of sediment from the Enguri River and, later, also to undertake artificial regulation of coastal processes.

Archil Kiknadze, Doctor of Geographical Sciences, and Giorgi Metreveli, an architect, prepared a construction project for a port in the vicinity of Anaklia in the 1980s. Their proposal considered the construction of a port at the Enguri confluence, north of Anaklia, at a canyon located near the coast as a result of the Enguri River flowing into the Black Sea.

Irakli Papashvili recalled that the talks about the construction of a deep port had been ongoing during the first years of the United National Movement's stay in power and Zurab Zhvania, Georgia's

then former Prime Minister, was taking an active interest in the idea.

After the government took the decision to construct the Lazika port, ILF Consulting Engineers, an Austro-German company, and Gama Consulting Ltd, Georgia-based, jointly determined alternative locations for the port. Archil Kiknadze's idea about the location of the port, the south head of the Enguri Canyon, was chosen although Kiknadze's project considered the construction of the port at the current confluence of the Enguri River beside the village of Ganmukhuri. According to Irakli Papashvili, the project proposal prepared by Gama Consulting Ltd considered the construction of the port with a capacity of 30 million tons which would also have had future prospects for expansion.

Spartak Eragia, an engineer, also has his own proposal for the construction of a port; more specifically, the Anaklia Transport Hub, located in the vicinity of Anaklia. This project considers the development of the port south of Anaklia, approximately 5 km away, in the area of the Churia River. Eragia told FactCheck that he has been working on this project since 2001 and his proposal considers the construction of a port with a capacity of 100-120 million tons. His plan also uses the Enguri Canyon and considers cutting a channel to connect it to the canyon. In addition to Eragia's proposed Anaklia Transport Hub, the project also considers setting up an airport, railway and other transport links as well as the construction of a liquefied natural gas plant.

CONCLUSION

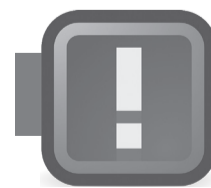
As a result of the research conducted by FactCheck, the idea for the construction of a deep port as well as the Enguri Canyon near the Anaklia shore forms the basis of a number of different projects and proposals concerning the construction of a port near Anaklia dating to the 1970s. The idea about the construction of the port dates back to 1970s.

As FactCheck found out after speaking with relevant experts, the construction of the Lazika port was in its initial stage in 2012. Several project proposals were in existence, although no specific decision had been made as to the selection. In addition, preparatory work and initial reports were a necessary component for developing the final port construction project.

After the change of government in 2012, the work on Lazika had not been continued, although the project idea itself was not rejected. Despite that, the idea for the construction of a deeper port in Anaklia was introduced to society on 30 September 2013 by Bidzina Ivanishvili approximately one year after coming to power. The government activated work on the port construction project dating from this time.

Currently, the government is working on attracting investments from interested companies and selecting projects for the purpose of the port construction project. However, this decision was made by the government one year after coming to power. As FactCheck has revealed, the use of the Enguri Canyon located near Anaklia is a common feature for every concept of the Anaklia and Lazika port projects and is a fundamental similarity according to the information we obtained.

Accordingly, FactCheck concludes that MP Zurab Melikishvili's statement, “No matter what name you give it, Lazika or Anaklia, this project is suspended today,” is **MOSTLY TRUE**.



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