

# FactCheck



## Bidzina Ivanishvili: “200 million worth of property (Agricultural University) has been donated to Bendukidze for one lari.”

Teona ABSANDZE  
FactCheck

### VERIFIED FACT AT THE REQUEST OF A READER

Lasha Gotsiridze, Rector of the Agricultural University, contacted FactCheck within our new **Check Your Fact** project on 19 May 2014. He asked us to verify the following statement: “Prime Minister Bidzina Ivanishvili stated at a press conference on 14 March 2013 that Kakha Bendukidze purchased the property of the Agricultural University for one lari.”

FactCheck found the statement made by the former Prime Minister. Bidzina Ivanishvili in fact stated the following: “Somehow, 200 million worth of property (Agricultural University) has been donated to Bendukidze for one lari.”

We checked the accuracy of this statement. We followed the current developments of this issue chronologically and saw how Kakha Bendukidze purchased the property of the Agricultural University.

According to Decree N136 of 21 March 2011, Georgia State Agricultural University, a legal entity of public law, was reorganized into a non-profit entity; namely, the Agricultural University of Georgia. The Ministry of Education and Science of Georgia and “Agricultural Education and Science Foundation became the founders of this university. Later on 30 March 2011, according to the N1 protocol of the Agricultural University’s constituent assembly, the Agricultural Education and Science Foundation was defined as one of the founders of the Agricultural University.

According to the date by the Civil Registry, the Agricultural Education and Science Foundation was established on 31 January 2011 and given the status of a non-profit legal entity. The purpose of the creation of this Foundation was to promote and develop agricultural education and science in Georgia. The founder of this Foundation is the Knowledge Fund, a non-profit legal entity.

The Knowledge Fund was registered on 4 June 2007 with the promotion and development of education and science constituting the basis of its activity. The Fund was founded by Kakha Bendukidze.

The purchase agreement was signed between the Ministry of Economy and Sustainable Development of Georgia and the Agricultural University of Georgia on 24 February 2012. According to the agreement, a 100% share of the state-owned Agromet Ltd was given to the Agricultural University through direct purchase for USD 4,000,000. Besides that, the Agricultural University was supposed to transfer USD 1,000,000 to the educational institutions identified by the Ministry of Education and Science of Georgia. Later on, according to a Decree of 12 October 2012, amendments were made to the purchase agreement. According to the amendments, the privatization bill for Agromet Ltd was determined as USD 150,000. In addition, the following obligations were imposed upon the buyer:

The Agricultural University

had to pay the privatization bill for a period of 24 months after the signing of the agreement. It should be noted here that the abovementioned costs, USD 5,150,000 in total were paid by the Agricultural University.

The Agricultural University as a buyer was obliged to use the training infrastructure located at the 12<sup>th</sup> km of David Aghmashenebeli Avenue in Tbilisi only for educational-scientific purposes for a period of 96 months after the signing of the purchase contract.

Investing GEL 6,000,000 in the agricultural land including the buildings built upon it located at the 12<sup>th</sup> km of David Aghmashenebeli Avenue in Tbilisi owned by Agromet Ltd which was then increased by GEL 8,000,000 as a result of the amendments made to the purchase agreement. However, instead of the increase in the investment obligations, they were lifted.

Investing GEL 400,000 in the 305,389 m<sup>2</sup> of agricultural land including the buildings built upon it located in the village of Vazisubani, Gurjaani Municipality, owned by Agromet Ltd.

Investing GEL 800,000 in the 69,403 m<sup>2</sup> of agricultural land including the buildings built upon it located in the village of Tabakhmela in Tbilisi, owned by Agromet Ltd.

It is noteworthy that according to the amendments made in the purchase agreement, the term for the investment commitments was increased from 18 months to 22 months for the Agricultural University.

Kakha Bendukidze was called as a witness by the Prosecutor’s Office of Georgia on 18 March. The case concerned the reorganization of the Agri-

cultural University as a legal entity; specifically, the transfer of the real estate of 14 research-education institutions located on different territories in Georgia to the capital of Agromet Ltd at a pre-reduced price. Later the case concerned the privatization of Agromet Ltd.

In his statement, former Prime Minister Bidzina Ivanishvili mentioned that Agromet Ltd was worth GEL 200 million. According to the Prosecutor’s Office, Agromet Ltd’s carrying value was GEL 65 million while the base value was more than GEL several hundred million. However, the owner and rector of the Agricultural University categorically deny this fact. FactCheck requested official information about the market value of Agromet Ltd from the LEPL National Agency of State Property. Upon receiving a response, we will provide readers’ with detailed information.

According to the Law of Georgia on State Property, direct selling is one of the forms of the privatization of state-owned property. The purpose of the privatization of state-owned property is to transfer the property right to a buyer who fully and faithfully performs the prescribed conditions for the privatization of state-owned property through direct purchase. In this case, the Law does not prohibit the privatization of state-owned property for less than a market value. We checked whether or not the Agricultural University complied with the privatization terms.

According to the purchase agreement, the Agricultural University should have presented the audit report cer-



tifying the fulfilment of obligations to the Ministry of Economy and Sustainable Development of Georgia no later than 30 calendar days after the end of the investment term obligations.

According to the audit report by Grant Thornton Ltd, the Agricultural University of Georgia fulfilled its investment obligations and as of 24 December 2013 it invested GEL 11,224,674 (without VAT).

According to the audit report by EY Georgia Ltd, the Agricultural University of Georgia fulfilled its investment obligations from 24 February 2012 until 24 December 2014. Expenses in order to meet the investment obligations amounted to GEL 11,327,593 in total (without VAT).

According to the report prepared by Financial Management Group Ltd, the Agricultural University of Georgia complied with the terms and obligations of the agreement. The investment amounted to GEL 11,201,893 in total by 24 December 2013.

We also visited the site of the Agricultural University and we can confirm that the university is equipped with modern technology, wireless internet, a diverse library, conference halls, research labs, sport facilities and hall, etc. In addition, according to the average scores of student entrants enrolled in 2012 and 2013, the Agricultural University ranks sixth place. The Agricultural University complied with the imposed obligations and used the training infrastructure located at the 12<sup>th</sup> km of David Aghmashenebeli Avenue in Tbilisi only for educational-scientific purposes.

Category: Check Your Fact

## Tumultuous History Reflected in Georgia’s National Cuisine

Continued from p. 10

and simply be themselves. Even if something sells, little nuances are quite sufficient. Exaggeration is not good.

### INCREASING COMPETITION IN THE RESTAURANT SEGMENT

Character and personality are really important in business. For example, I was looking for eye makeup remover recently and went into many different shops in Georgia to find some. The problem was that the shop-people treated me in a very unfriendly way. I did not say anything to those people, but in cases like this I would generally say that if you were paid by your smile you would be starving in Paris. Serving customers is like being on the stage. You might have sick children, dead parents, pain, but as soon as the curtain goes up, that must all be put to one side. If you cannot do that, then you are in the wrong job. To increase competition the owners of restaurants should feel a responsibility to teach their employees how to behave in the right way.

There are two words that do not exist in my vocabulary: regret and impossible.

### THE WAY DISHES BECOME WORLD FAMOUS

The way dishes become world famous is frequently misunderstood. I have heard of French or Italian dressing, but indeed neither of these countries used to have it. It is more like creating a project based on our impression of a country.

### IMPRESSIONS ABOUT GEORGIA

I want to come back to Georgia. Creativity, wine, food and hospitality - when you put all these things together you get everything you could want. Georgians help each other, they are kind to each other and they do it because they want to. That feeling is very strong here.



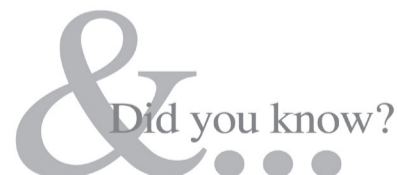
## Geocell Shops present an exclusive offer

Geocell, part of TS, permanently provides its customers with new offerings and innovations. This time one more initiative has been launched. The Company offers its customers licensed HTC One Mini 2 with exclusive terms. This latest flagman mini version which repeats the main features and abilities of the basic model of this year is combined the favorable terms and exclusive price from Geocell. Customers willing to purchase HTC One Mini 2 are offered monthly installment conditions, which include 25 Lari bucket “Meti L” allowing 500 minutes for all local calls, 1500 SMS and 500 MB mobile internet.

Geocell new concept shops



provide wide range of mobile phones at the best price, the most favorable offers, highly qualified group of experts, unlimited abilities of mobile internet and special comfortable environment.



FINANCIAL has the biggest circulation among English language newspapers in Georgia

## CONCLUSION

We found out that Agromet Ltd owned 599,438 m<sup>2</sup> of agricultural land located at the 12<sup>th</sup> km of David Aghmashenebeli Avenue in Tbilisi including buildings and infrastructure facilities built upon it as well as 305,389 m<sup>2</sup> of agricultural land including the buildings built upon it located in the village of Vazisubani, Gurjaani Municipality. Agromet Ltd also owned 69,403 km of agricultural land including the buildings built upon it located in the village of Tabakhmela in Tbilisi.

The Agricultural University of Georgia purchased Agromet Ltd directly from the state on 24 February 2012. This property was purchased by the Agricultural University for USD 4,150,000. In addition, according to the purchase agreement the buyer transferred USD 1,000,000 to the educational institutions identified by the Ministry of Education and Science of Georgia. Thus, the privatization cost was equal to USD 5,150,000.

The investment obligation with a value of GEL 8,000,000 was imposed upon the Agricultural University. According to the audit reports prepared by Grant Thornton Ltd, EY Georgia Ltd and Financial Management Group Ltd, the Agricultural University of Georgia complied with the imposed obligations within the terms defined by the contract. The amount of investments verified by the auditors by 24 December 2013 was equal to more than GEL 11,000,000.

In addition, the Agricultural University as a buyer was obliged to use the training infrastructure located at the 12<sup>th</sup> km of David Aghmashenebeli Avenue in Tbilisi only for educational-scientific purposes for a period of 96 months after the signing of the purchase contract. The Agricultural University complied with this obligation as well and nowadays is one of the most sought after universities in Georgia by students.

In his statement former Prime Minister Bidzina Ivanishvili emphasized that Agromet Ltd was worth GEL 200 million. According to the Prosecutor’s Office, Agromet’s carrying value was GEL 65 million while the base value was more than GEL several hundred million. This is not verified by the owner and rector of the Agricultural University. FactCheck currently does not have any official document confirming the market value of Agromet Ltd. Therefore, FactCheck cannot exclude the possibility that the market value of the Agromet Ltd might be more than what the Agricultural University paid to purchase it. However, one thing is clear. The Agricultural University paid much more than GEL 1 to purchase this property. It purchased Agromet Ltd for USD 5,150,000 with an investment obligation valued at GEL 8,000,000.

FactCheck concludes that Bidzina Ivanishvili’s statement, “200 million worth of property (Agricultural University) has been donated to Bendukidze for one lari,” is FALSE.



## FALSE

EUROPEAN  
ENDOWMENT OF DEMOCRACY

G | M | F The German Marshall Fund  
of the United States  
STRENGTHENING TRANSATLANTIC COOPERATION



The views expressed in this website are those of FactCheck.ge and do not reflect the views of The FINANCIAL or the supporting organisations



# Spanish Businesses Identify Mobility Among Their Top Priorities for Investing in Digital Technologies

The FINANCIAL

The great majority (79 percent) of those Spanish businesses that participated regard digital technologies as a strategic investment, suggesting they believe it will help them to grow and reach more clients. In fact, only 10 percent of the Spanish companies participating stated that they have no formal strategy for mobility. However, and in spite of this drive, there is still a series of strategic, operating and organizational shortcomings that represent a hurdle when it comes to fully accomplishing the potential of mobility in business. These challenges are associated with the difficulties involved in implementing mobile capabilities, the lack of formal indicators to measure their effectiveness, and the lack of sufficient investment in stated mobility priorities, according to Accenture.

Of organizations globally that have seen over 100 percent Return on Investment (RoI) from mobility implementations over the last two years (one in ten), over two thirds claimed to have effectively adopted and deployed mobile technologies, compared to 45 percent of others. This group, named as "mobility leaders" in the study, shows a greater tendency to exceed the financial results of their industry averages. They are also prominent as they have a more ambitious, strategic and cross-company approach to mobility, reinforced by the active participation of C-level management in the formulation of mobility strategy. In Spain, nearly one third of companies surveyed (31 percent) have CEOs that play a role in developing mobility strategy. In addition, 44 percent of Spanish firms have made focused investments in mobile technologies to drive RoI, while a further 43 percent aggressively pursued an investment in mobile technologies, seeing it as a key part of business strategy.



## CONSUMERS, COMPANIES AND CONNECTED PRODUCTS

Among the consumer-focused mobile priorities for the next year, 63 percent of Spanish companies are looking to access new markets, develop new mobile services and products (62 percent), and to drive revenue by means of greater interaction with customers (58 percent), including by generating better knowledge of them through mobile analytics (57 percent), according to Accenture.

Among the enterprise-focused mobile priorities, monetizing data from connected products emerged as the most important for a significant 75 percent of Spanish companies, followed by streamlining operations through the ability to track orders, assets or inventory from anywhere (68 percent), and improving asset reliability and maintenance through deployment of sensors and other mobile technologies (67 percent).

Connected products – interconnected smart devices – were shown to be of increasing importance in Spain, with connected vehicles named as the most relevant of them to over half of Spanish respondents (56 percent). This was the second highest score globally for connected vehicles, trailing only the United States where 63 percent of enter-

prises believe them to be relevant.

Connected building and plant solutions were second most relevant to Spanish respondents at 44 percent, while wearable, sensor-based devices garnered interest from over one third of Spanish businesses (34 percent). In addition, enhancing mobile presence by launching new apps, improving existing apps' reliability and adding new features were some of the other key priorities for Spanish firms, according to Accenture.

"It is encouraging to see that Spanish companies are embracing the importance of mobility, with nearly eight out of ten placing it in their top five priorities, and 95 percent meeting or exceeding their RoI goals for mobility implementations to date," said Ismael Sancha, managing director, Accenture Mobility Spain. "Spain is also amongst the global leaders for having a formal mobility strategy in place as 90 percent do, but there is still a way to go to translate strategies for specific business units or functions into enterprise wide strategies. The adoption of an overarching mobility strategy will enable a level of competitive differentiation that can help grow a business, almost entirely regardless of the sector in which it operates, but it must include all elements of the business and engage users, as well as decision makers and IT teams," Sancha added.

# IHG: We Want to Be the Market Leader in Georgia

Continued from p. 8

turnover of staff and hospitality is somewhat still in its infancy in this region of the world. This means that there is a lack of suitably qualified people. We are working hard to invest in people and show them how rewarding a career in hospitality can be. We do this through our IHG Academies which train and provide motivated, engaged people to work in our hotels, delivering a better service for our guests. It's the only programme tai-

lored to local needs around the world and we opened the Moscow branch of the IHG Academy in February 2012. Our aim is to deliver international-standard hospitality training in this region and we are constantly looking for education and hospitality partners to develop more of our academies with.

We are also challenged by the roads and utilities infrastructure and these problems have been identified by the Georgian Government as opportunities to improve as part of the Government's strategy

for tourism development. We believe that these problems will be addressed in the right way to support promoting Georgia as a tourist destination.



## Irakli Gharibashvili:

"For the first time, 12 city mayors and up to 60 gamebelis will be directly elected by the Georgian population. This is a step forward which has not yet been achieved by approximately 15-17 EU Member States."



Rati BAKHTADZE  
FactCheck

Prime Minister Irakli Gharibashvili, stated the following at his meeting with journalists on 4 June 2014: "For the first time, 12 city mayors and up to 60 gamebelis will be directly elected by the Georgian population. This is a step forward which has not yet been achieved by approximately 15-17 EU Member States."

FactCheck got interested in this fact and verified the Prime Minister's statement.

The Parliament of Georgia adopted the Local Self-Government Code on 5 February 2014. It will enter into force after the municipal elections of 15 June 2014. At the municipal level, local self-government will be implemented in self-governing cities and self-governing communities. (Article 3). Self-governing cities are defined by the same Organic Law. These cities are the following: Tbilisi, Rustavi, Kutaisi, Poti, Batumi, Telavi, Ozurgeti Zugdidi, Gori, Ambrolauri, Mtskheta and Akhaltsikhe (Article 151, Part 1).

According to the Code, the Municipal Council will be elected by the citizens registered on the territory of a municipality through direct, universal, equal and secret suffrage. The governor or the mayor will be elected for a four-year term by direct, universal, equal and secret suffrage. (Articles 23 and 49).

FactCheck also wondered how self-government bodies are elected in EU Member States and verified the second part of the Prime Minister's statement. It is noteworthy that governors (gamebelis) in EU Member States are also referred to as mayors.

**Austria-** The mayor (*Bürgermeister*) is elected either by the municipal council or by direct universal suffrage depending on the region.

**Belgium-** In Flanders and

Brussels, the mayor is appointed by the regional government at the recommendation of a municipal council for a six-year mandate. In Wallonia, the mayor is directly elected by the population after which he/she is also appointed by the regional government.

**Bulgaria-** The mayor is elected by direct universal suffrage for a four-year term.

**Croatia-** The mayor (*gradonačelnik*) is elected by direct universal suffrage for a four-year term.

**Cyprus-** The mayor (*dimarchos*) is elected by direct universal suffrage for a five-year mandate.

**Czech Republic-** The mayor is elected by and from within the municipal council for a four-year mandate.

**Denmark-** The mayor is elected for four years by the municipal council.

**Estonia-** The mayor (*vallavanem* or *linnapea*) is appointed by the municipal council for a four-year term.

**Finland-** The mayor (*kunnanjohtaja*) is elected by the municipal council for a fixed or indefinite term of office which should not exceed the municipal council's term of office.

**France-** The mayor is elected for six years by the municipal council.

**Germany-** The mayor is elected by direct universal suffrage for a mandate that can vary from four to nine years.

**Greece-** The mayor (*dimarchos*) is elected by direct universal suffrage for a period of four years.

**Hungary-** The mayor (*polgármester*) is elected by direct universal suffrage for a period of four years.

**Ireland-** The mayor is elected every year by borough or town council members.

**Italy-** The mayor is elected by direct universal suffrage for a period of 5 years.

**Latvia-** The chairman of the local council (*priekšdētājs*)

carries out the duties of the mayor, who is elected by and from within the local council for a four-year term.

**Lithuania-** The mayor is elected by and from within the local council for four years.

**Luxembourg-** The mayor is designated by the national government from among the municipal council members for a six-year mandate.

**Malta-** The mayor (*sindku*) is the local council member who has received the highest number of votes within the political party that got the overall majority during the local election.

**Netherlands-** The mayor (*burgemeester*) is formally appointed for a six-year mandate by the national government at the proposal of the local council.

**Poland-** The mayor (*wójt or burmistrz*) is elected by direct universal suffrage for a four-year term.

**Portugal-** The mayor (*presidente da câmara municipal*) is elected for a four-year mandate. The mayor is the electoral candidate having headed the list with the most votes during the municipal council elections.

**Romania-** The mayor is elected by direct universal suffrage for a four-year mandate.

**Slovakia-** The mayor is elected by direct universal suffrage for a four-year mandate.

**Slovenia-** The mayor (*zupan*) is elected by direct universal suffrage for a four-year mandate.

**Spain-** The mayor (*alcalde or presidente*) is appointed by and from within the local council for a four-year mandate.

**Sweden-** The mayor is appointed for a period of four years by the municipal assembly.

**United Kingdom-** In most cases, the mayor is appointed by the municipal council. However, in some districts, mayors are elected by direct suffrage.

Category: Local Self-government

## CONCLUSION

As we can conclude, EU Member States do not have the same practice in terms of electing mayors at the local level. The mayors are elected by direct suffrage in 11 EU Member States. The mayor is either directly elected or appointed by the municipal council or the central government (depending on the region). The mayors are not directly elected in 14 EU Member States.

We conclude that Prime Minister Irakli Gharibashvili's statement, "For the first time, 12 city mayors and up to 60 gamebelis will be directly elected by the Georgian population. This is a step forward which has not yet been achieved by approximately 15-17 EU Member States," is TRUE.

TRUE



EUROPEAN  
ENDOWMENT OF DEMOCRACY

G | M | F

The German Marshall Fund  
of the United States

STRENGTHENING TRANSATLANTIC COOPERATION

The views expressed in this website are those of FactCheck.ge and do not reflect the views of The FINANCIAL or the supporting organisations